



PASSION FOR TECHNOLOGY

Rheinmetall

Investor Presentation

August 2022

PASSION FOR **TECHNOLOGY.**



Agenda



Rheinmetall at a glance



Market & Drivers



Five divisions under one roof



Financials



Outlook



Responsibility @ Rheinmetall



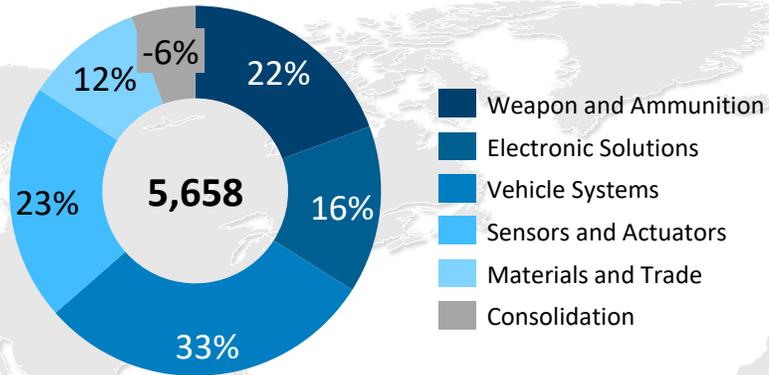
Appendix

Rheinmetall at a glance

Selected key business highlights

Sales by division

In €m

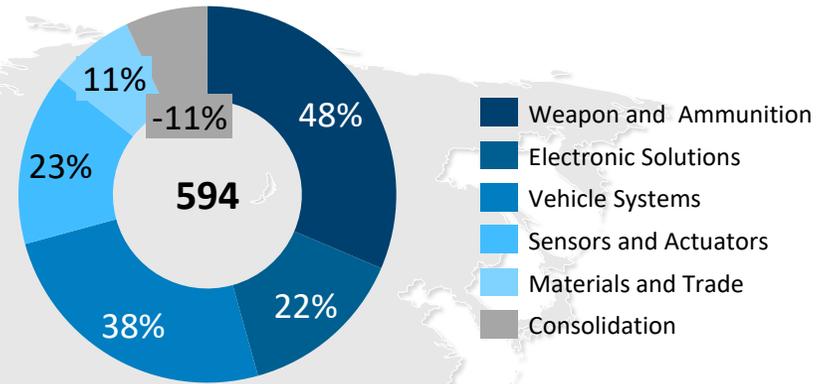


Business Model

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

Result by division

In €m



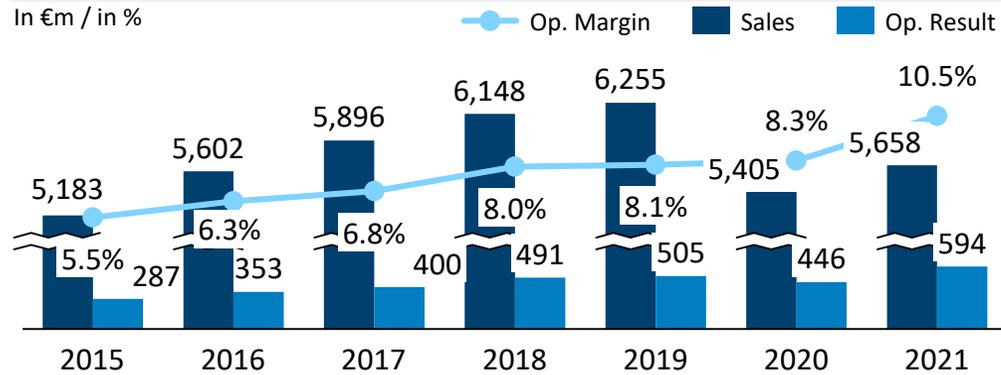
Market Driver

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

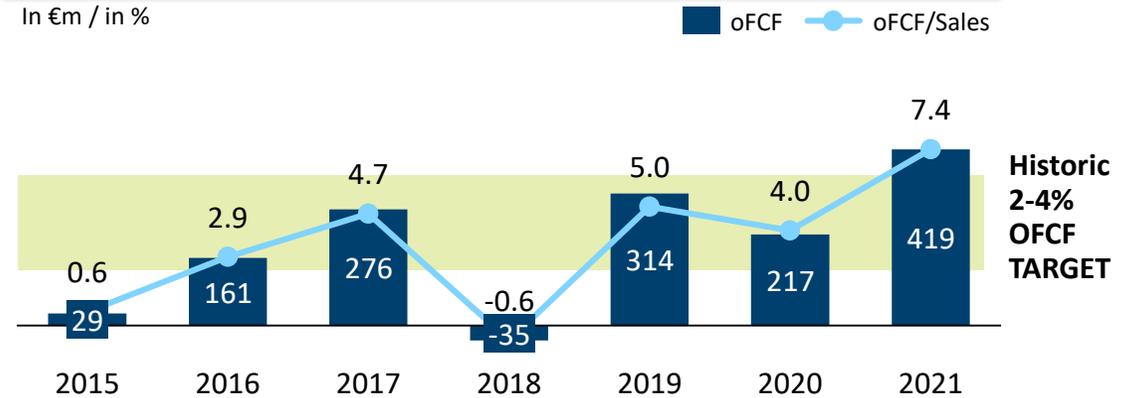
Rheinmetall at a glance

Historic financial development

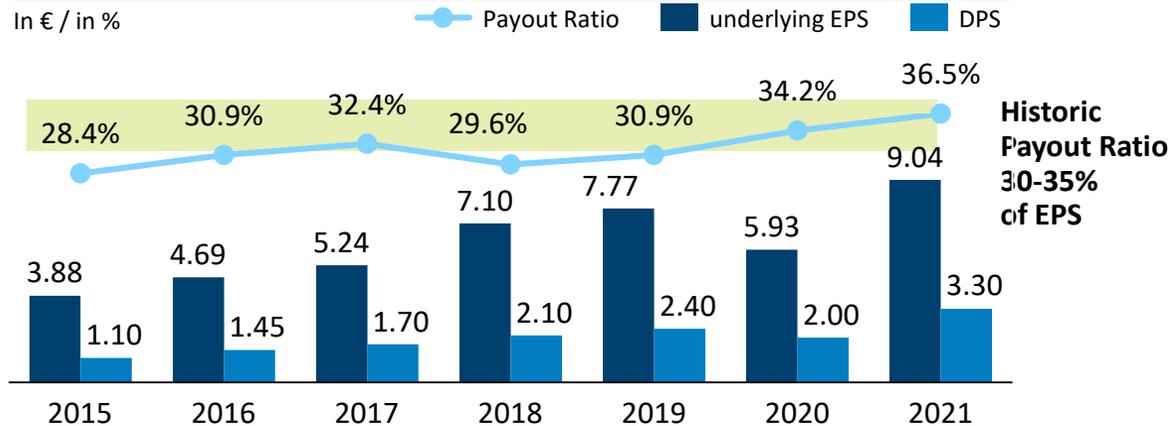
Sales, operating result and operating margin



Operating FCF and operating FCF to Sales



Earnings and dividend per share



Net financial debt



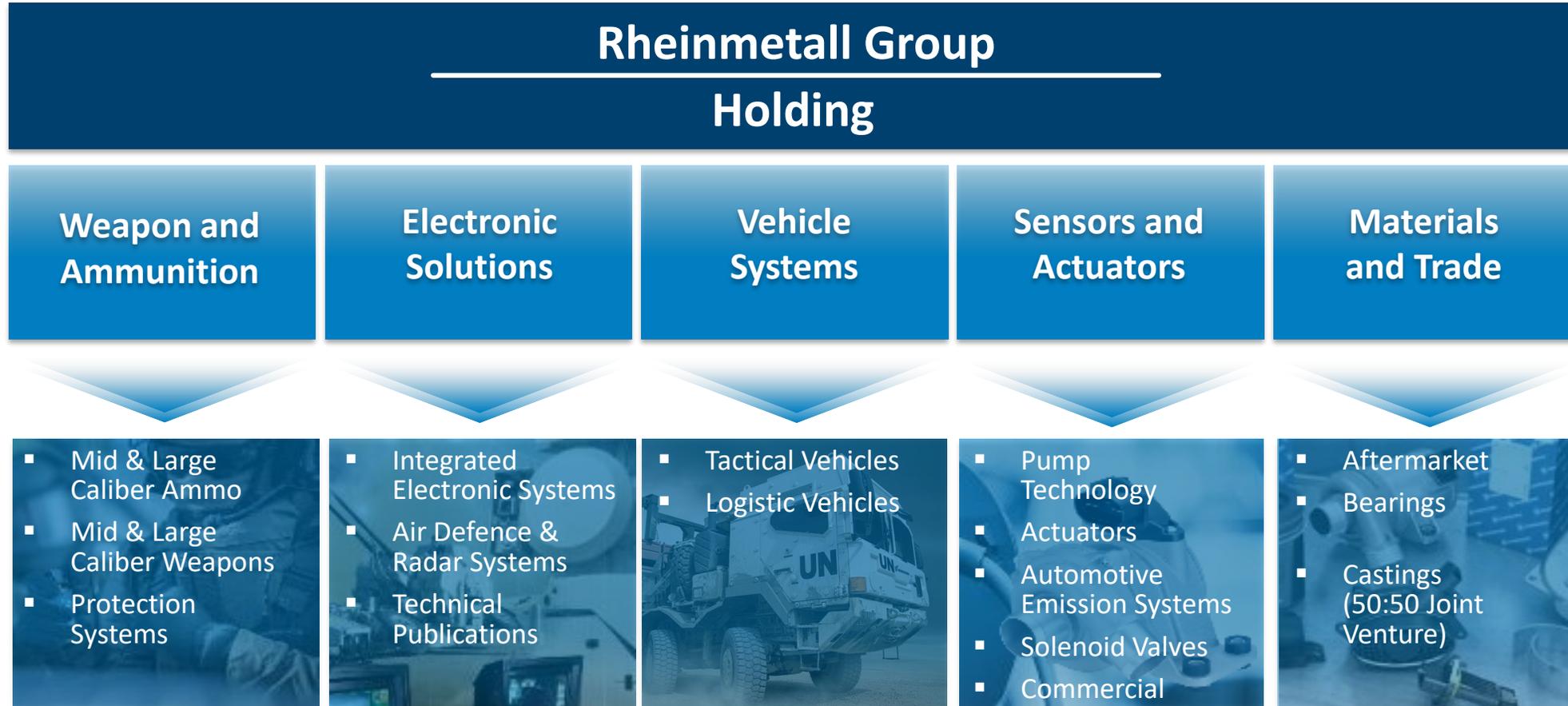
Rheinmetall at a glance

Management sets clear strategic objectives

- 1 Reduce Automotive exposure
- 2 Minimum profitability level requirement
- 3 Continuous portfolio management

Rheinmetall at a glance

The new corporate structure - Five divisions under one roof



Rheinmetall at a glance

Strategy as clear commitment to our technological leadership

ONE Rheinmetall Passion for technology

Re-organization to better fit our needs

- Divest non-core business
- Reorganize the way we do our business

Leverage our core technological strengths

- Further integrate technologies
- Capitalize our state-of-the-art technology

Focus on growth business areas

- Continue our successful Defence development
- Diversify into high growth markets using our technological off the shelf solutions

Sustainability

Rheinmetall at a glance

Sustainability is a central component of our corporate strategy

FRAME-WORKS & INITIATIVES

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

ENVIRONMENT

- **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 6.5 in 2021
 - 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

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

Start of a new era in German defence policy

Olaf Scholz: "We are living through a watershed era."



Olaf Scholz
Chancellor of Germany

"The 2022 federal budget will provide a **one-off sum of 100 billion euro for the fund**. We will use this money for necessary investments and armament projects."

"We will now – year after year – **invest more than two percent of our gross domestic product** in our defence."

"The goal is to have a capable, state-of-the-art, advanced Bundeswehr that reliably protects us."

"The Bundeswehr was neglected. **These days, there was still talk of a taxonomy that would have restricted investment in defence capabilities**. The war in Ukraine is waking us all up from a self-righteous dream."



Christian Lindner
Finance Minister

Start of a new era in German defence policy

Government announcement on Feb 27, 2022

Special fund €100bn

As of 2023 Germany will spend 2% plus of GDP for defence



Support for Ukrainian armed forces

- Supply of Bundeswehr equipment
- EU funding: € 1,000 m

Level 1

Short-term increase in Bundeswehr capabilities

- Transition from peacetime to defense mode
- Restocking of Bundeswehr stockpiles, service and spare parts supplies
- Increase of quantities from existing contracts/framework agreements

Level 2

Closing the investment gap and modernization gap

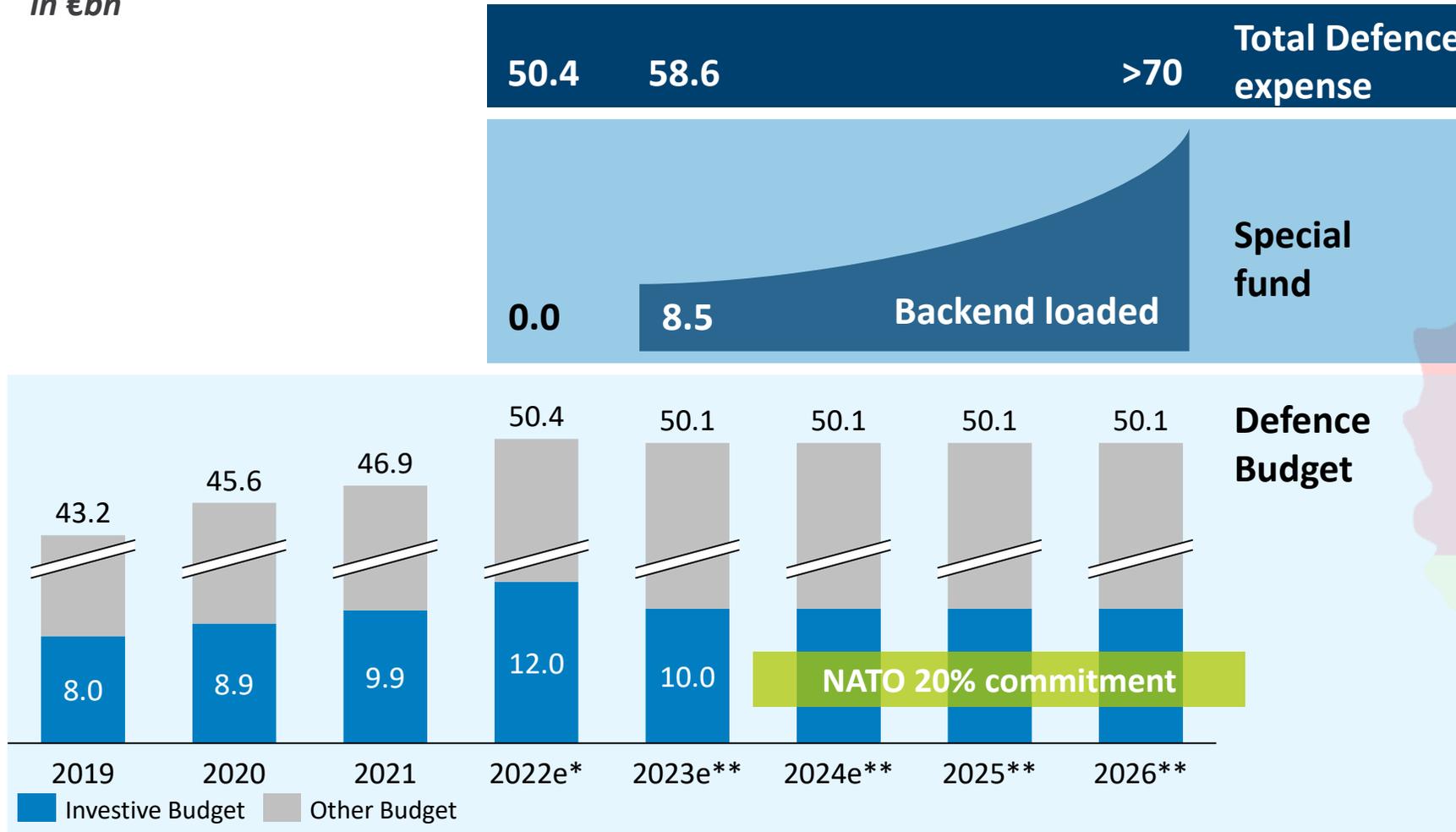
- Financing and procurement of new equipment
- Prioritization according to Bundeswehr planning

Level 3

Market update: Germany

Acceleration of defence spending more backend loaded

in €bn



- Base defence budget stable at around €50bn
- €100bn special fund will be spent over 5 years
- NATO 2% goal will be reached by special fund plus budget

*based on BMWi defence budget July 22; <https://www.bundeshaushalt.de/#/2021/soll/ausgaben/einzelplan/14.html>

** Government draft and statements on the federal budget and Rheinmetall estimated budget development, planning based on 20% invest goal of NATO

Market update: Status quo on German potential

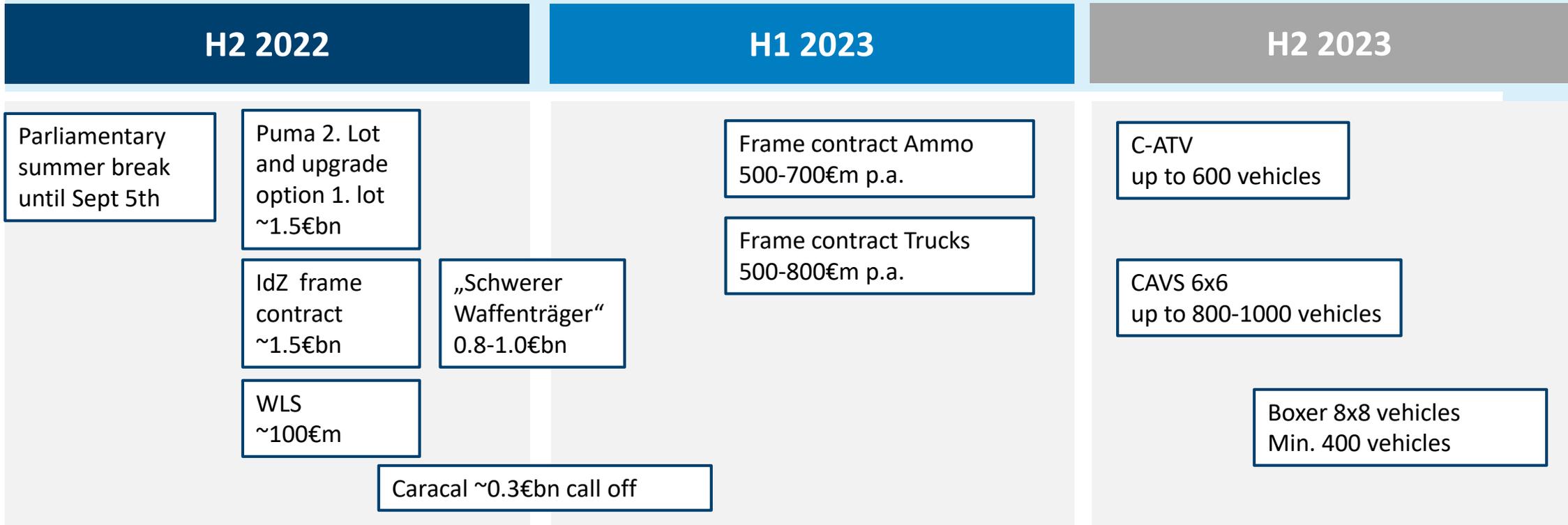
All major projects included in special fund and annual budget

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

Market update: Status quo on German potential

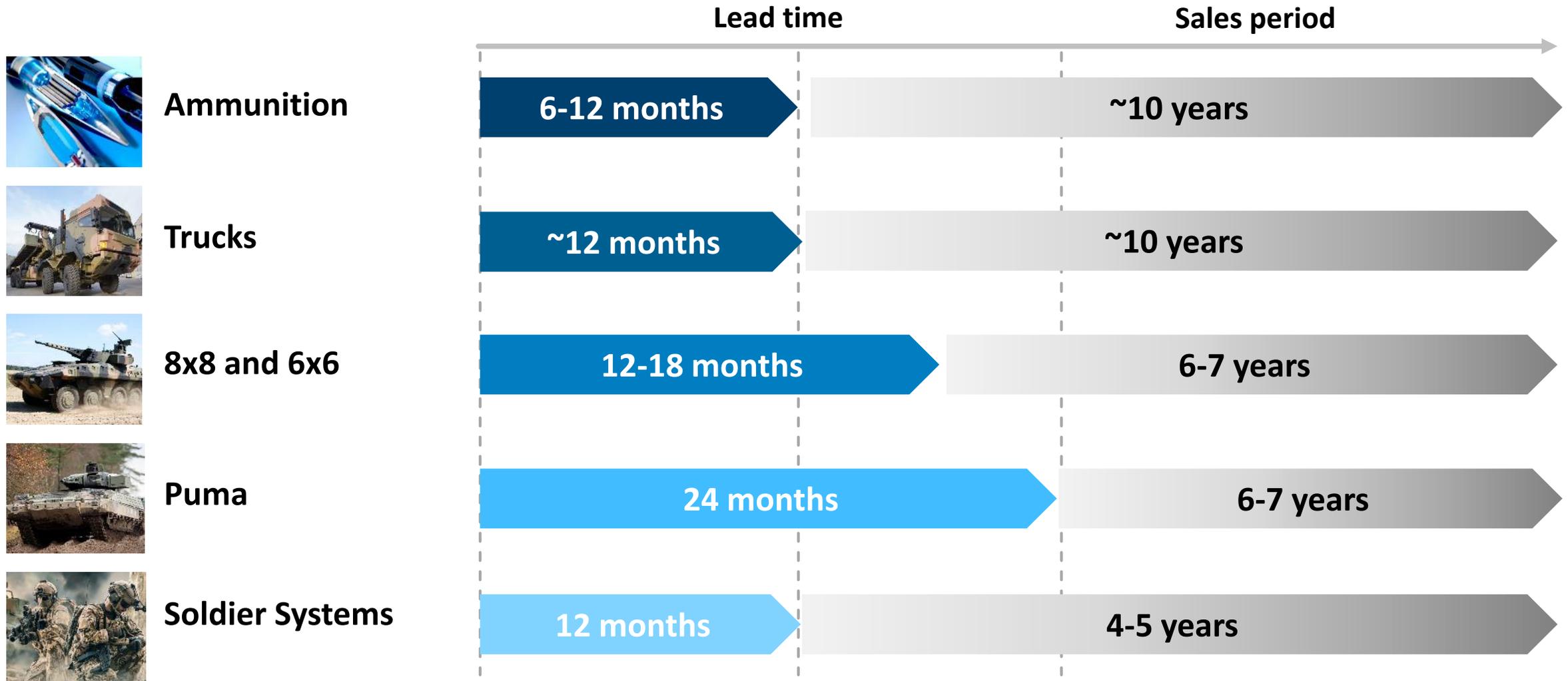
Order intake starts later than expected

Current timeline for potential order intake



Start of a new era in German defence policy

Defence projects with short-term implementation potential



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

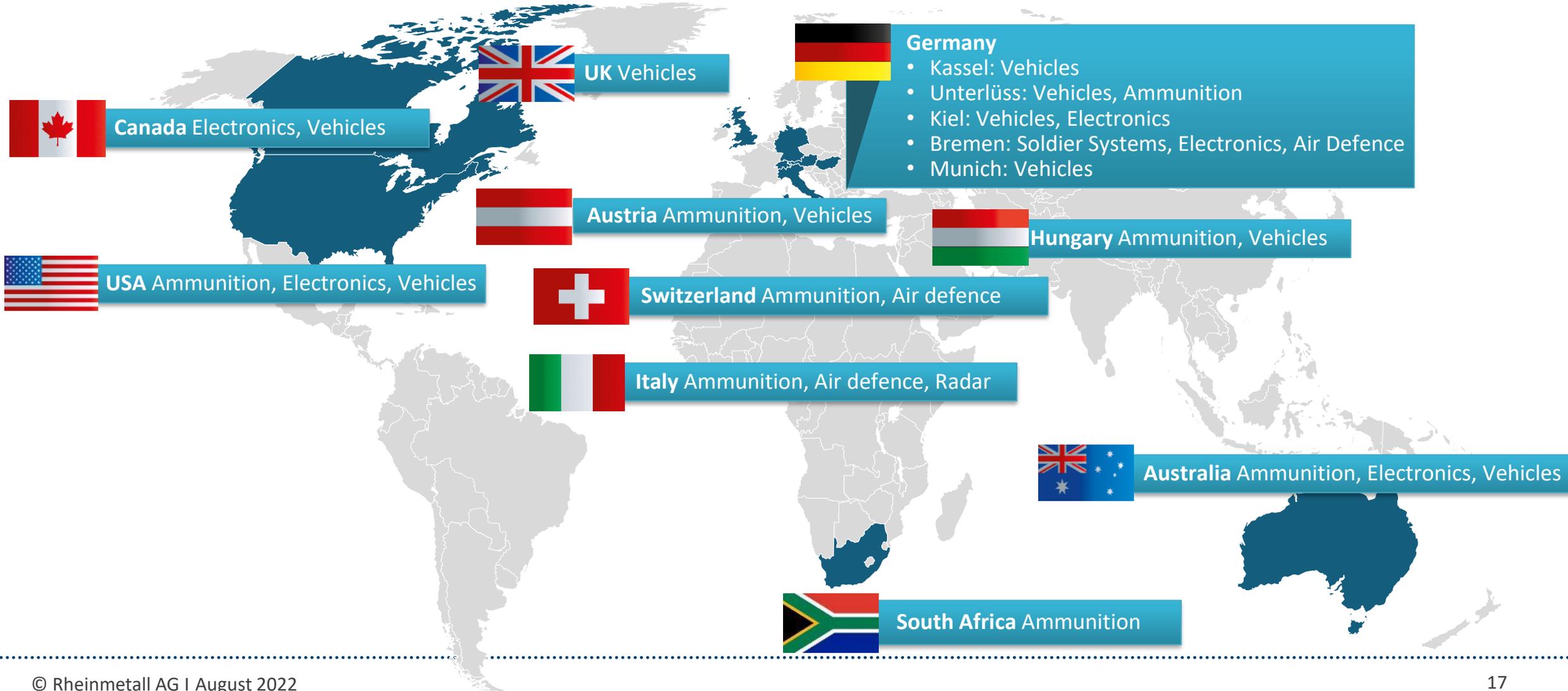
- Main products are in production
- With qualified personnel, we mitigate the risk

Capacities

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

Start of a new era in German defence policy

Rheinmetall's global production capacities



Market update

Current developments could offer additional potential

Ring swap agreements

CZ
SK
SLO
GR

Replenishment of vehicles sent to Ukraine with NATO standard vehicles; Customers order directly from the industry, financed by German government outside defence budget and special fund



Potential for direct delivery to Ukraine

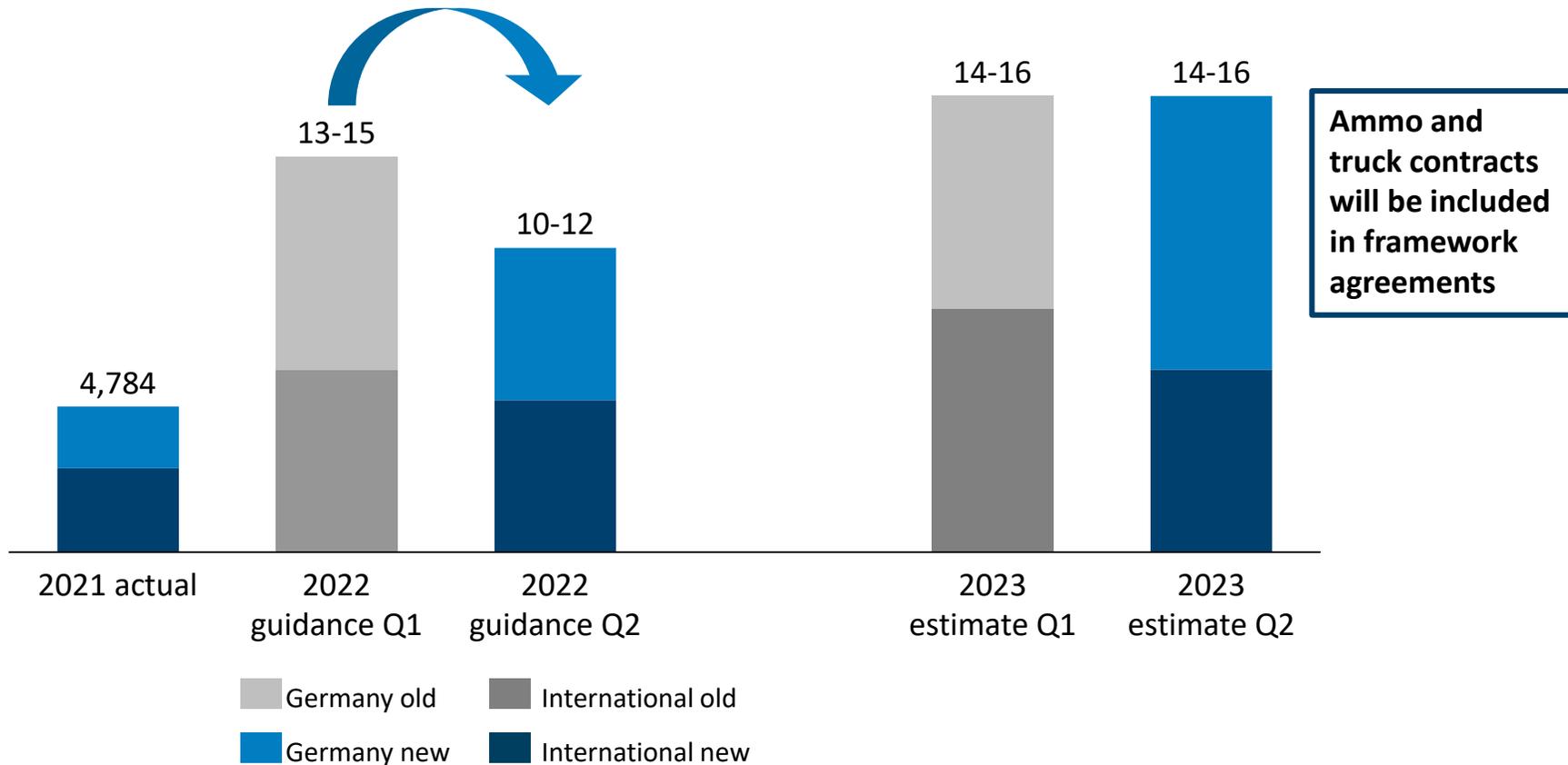
- **Marder**
Preparations ongoing to deliver vehicles from existing stock
- **PzH 2000 (sub supplier)**
Current discussions to produce and supply 100 new vehicles and ammunition

Outlook update on order intake

More clarity on Germany major driver for update of order intake

Order intake* expectation defence divisions

in €bn



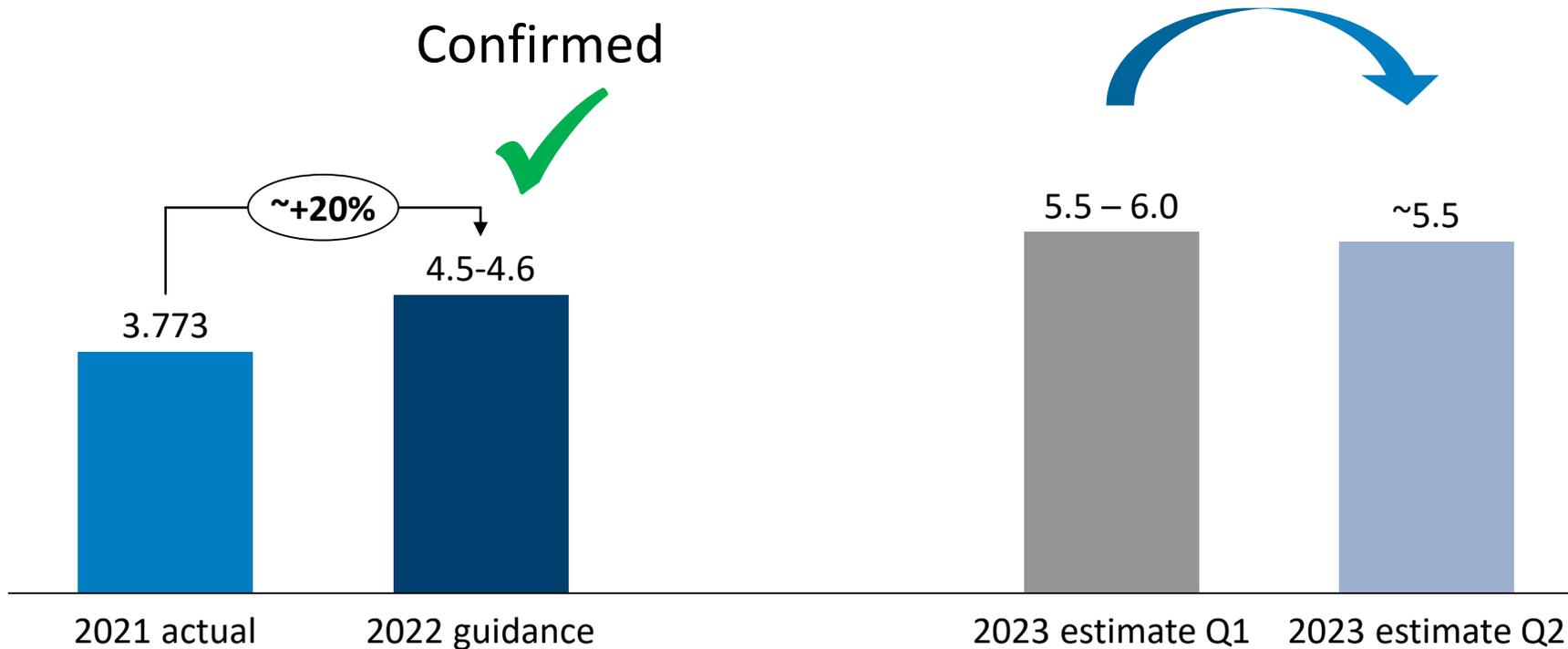
- Details on 100€bn special fund decided in June
- More clarity on project allocation to special fund and defence budget
- Better understanding of order intake timeline with continued customer dialogue
- Customer preference for framework agreements with annual call offs
- Order placement has not gained momentum

Outlook update on defence divisions sales development

Shift in order intake leads to adjusted sales profile

Sales estimates defence divisions

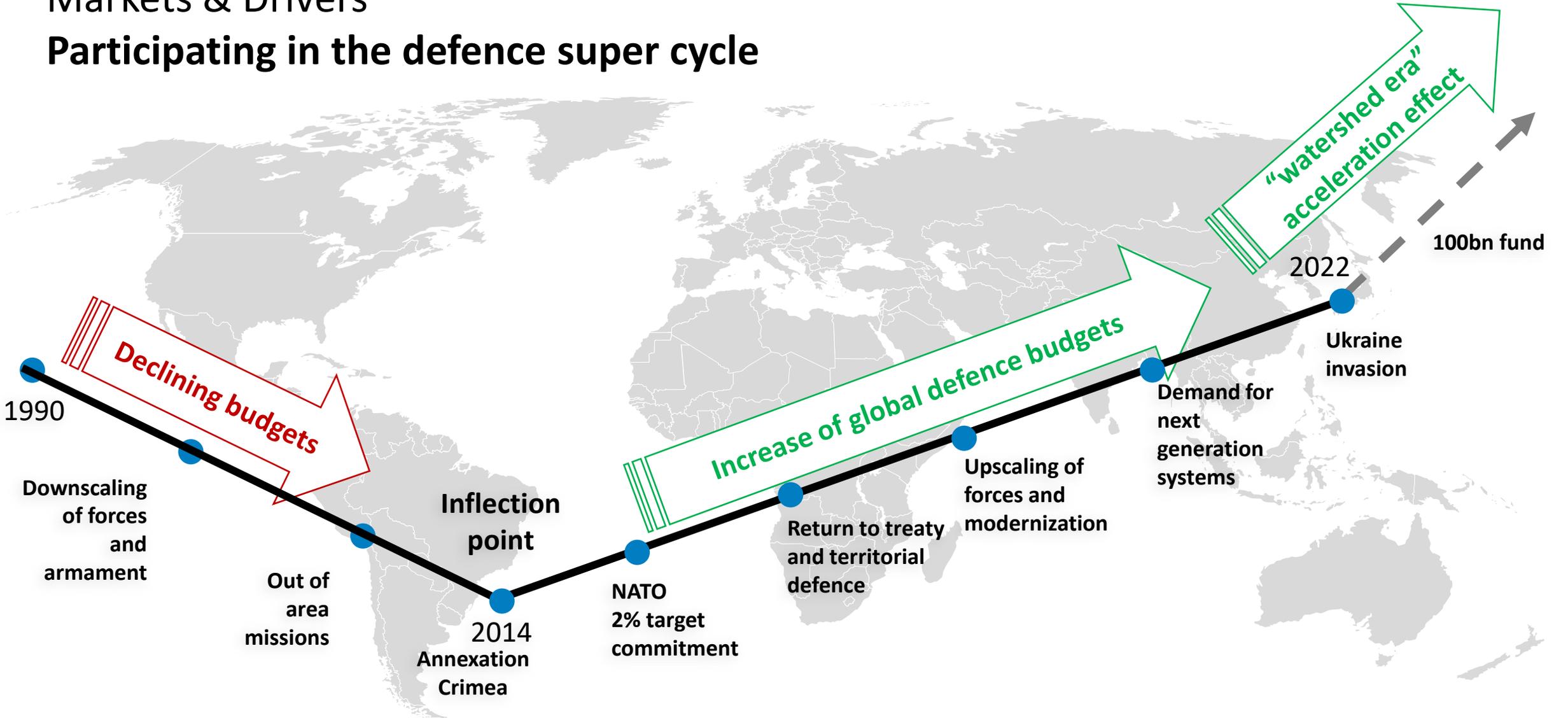
in €bn



- 2023 Q1 sales estimate was a first indication
- Special fund details suggest more back end loaded spending
- Increasing cash outflows from the special fund, sales growth will accelerate over the next years

Markets & Drivers

Participating in the defence super cycle



Markets & Drivers - Home Markets

Successful internationalization provides diverse sources of growth

Our home markets



Germany

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

Potentials

- Ammunition
- Truck
- 8x8 and 6x6
- Puma 2nd Lot
- Soldier Systems

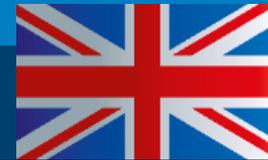


Australia

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

Potentials

- Land 400 Phase 3



UK

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

Potentials

- Boxer 3rd lot
- Ammunition framework contract



Hungary

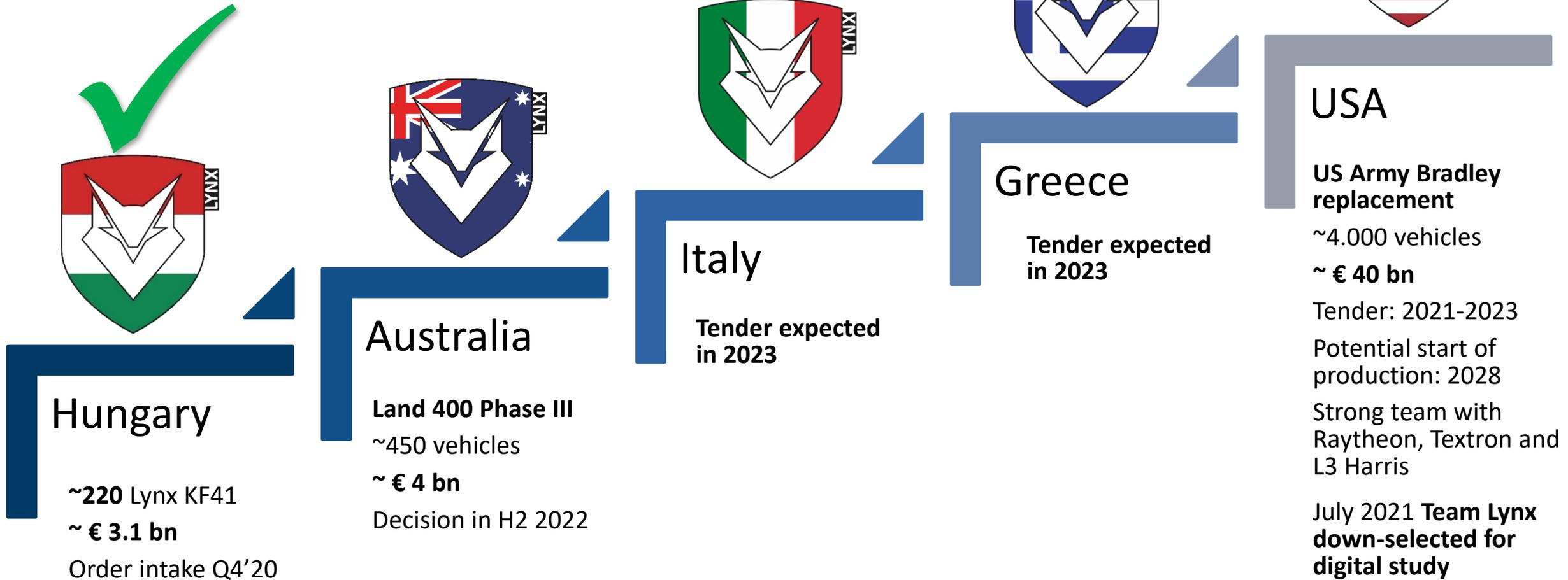
- Established „home market“ with modern production facility
- Modernization to NATO standards

Potentials

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

Market update

LYNX pipeline refilled with even larger potential in Southern Europe



Markets & Drivers: Product life cycle potential

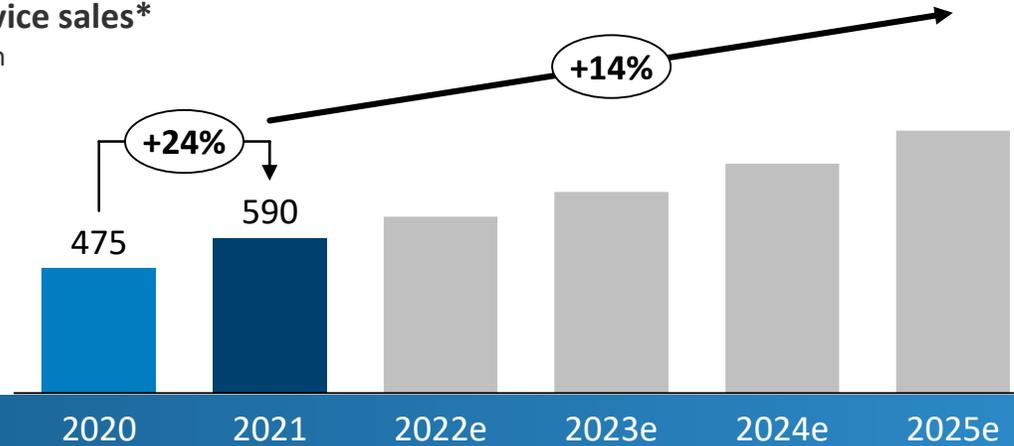
Platform sales are just the tip of the iceberg – success creates opportunities

1X SALES OF PLATFORM



2X LIFECYCLE SPENDINGS

■ Service sales*
in €m



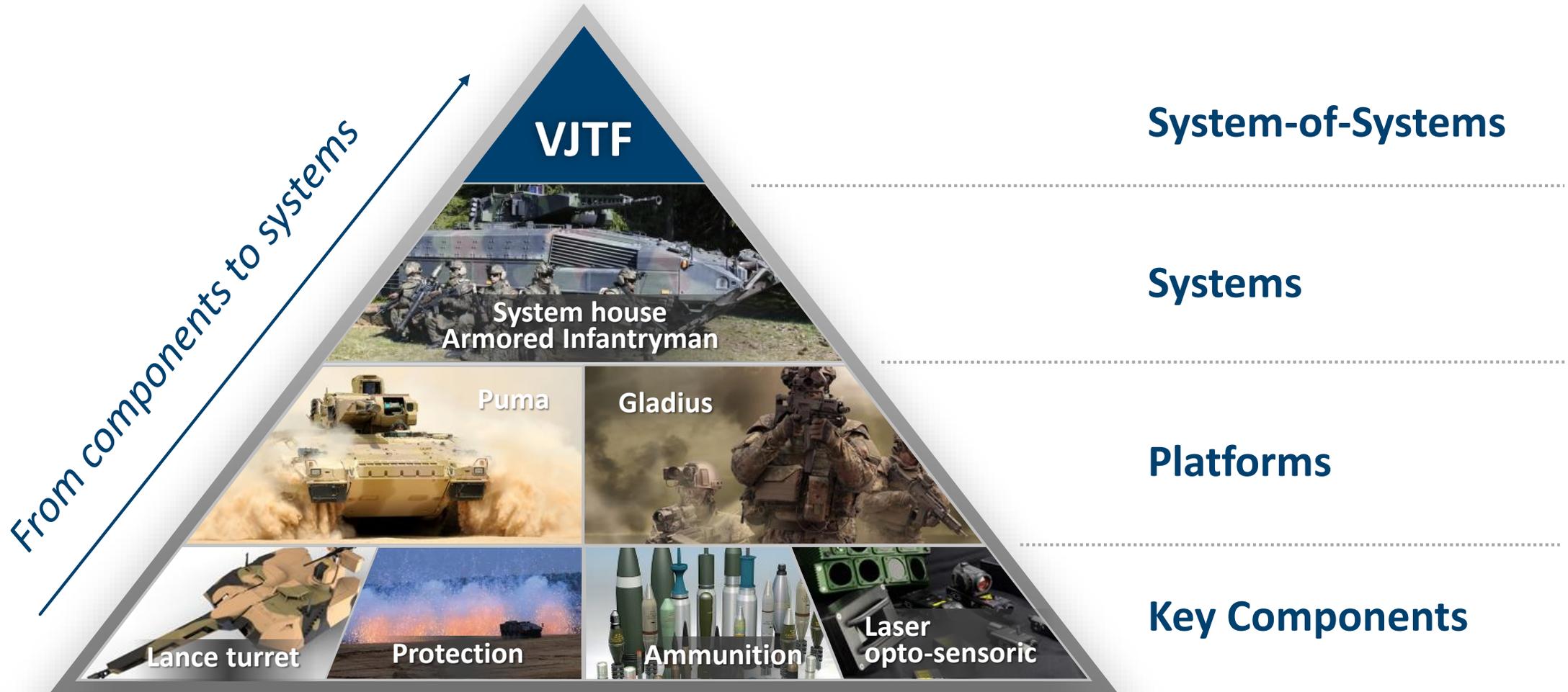
Service sales 2025
~€1bn

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

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

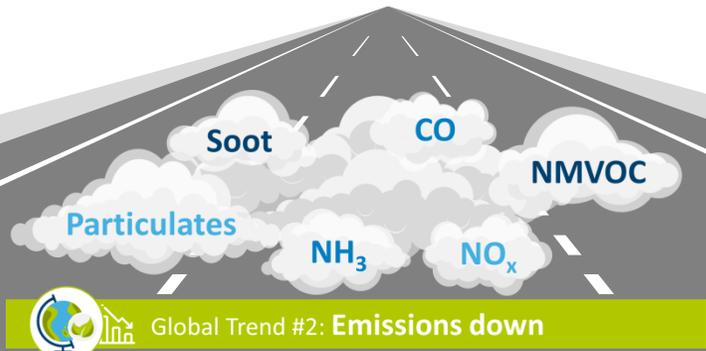
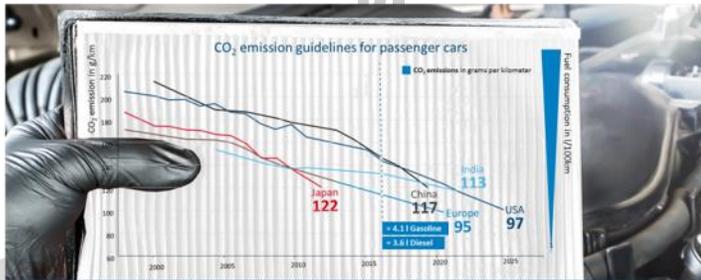
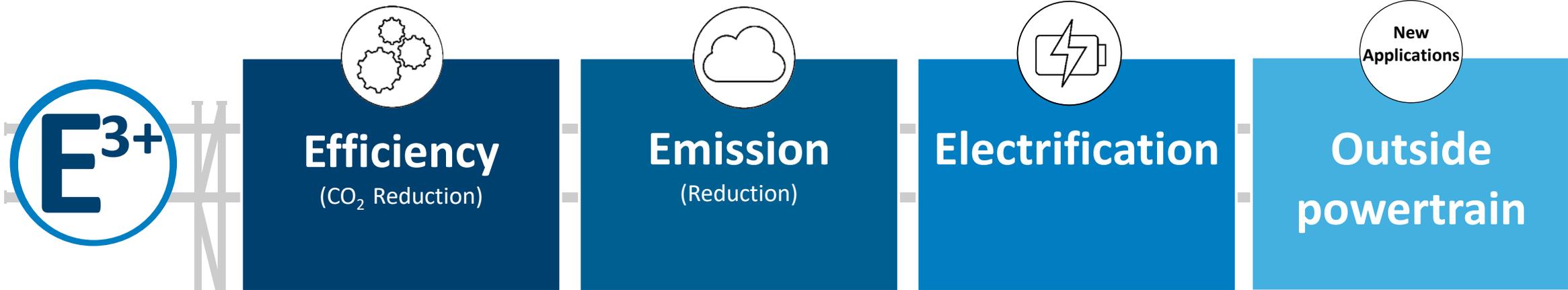
Markets & Drivers: Product life cycle potential

System house for land based operations and integrating components to systems



Markets & Drivers: Market trends

Strong underlying growth drivers create opportunities

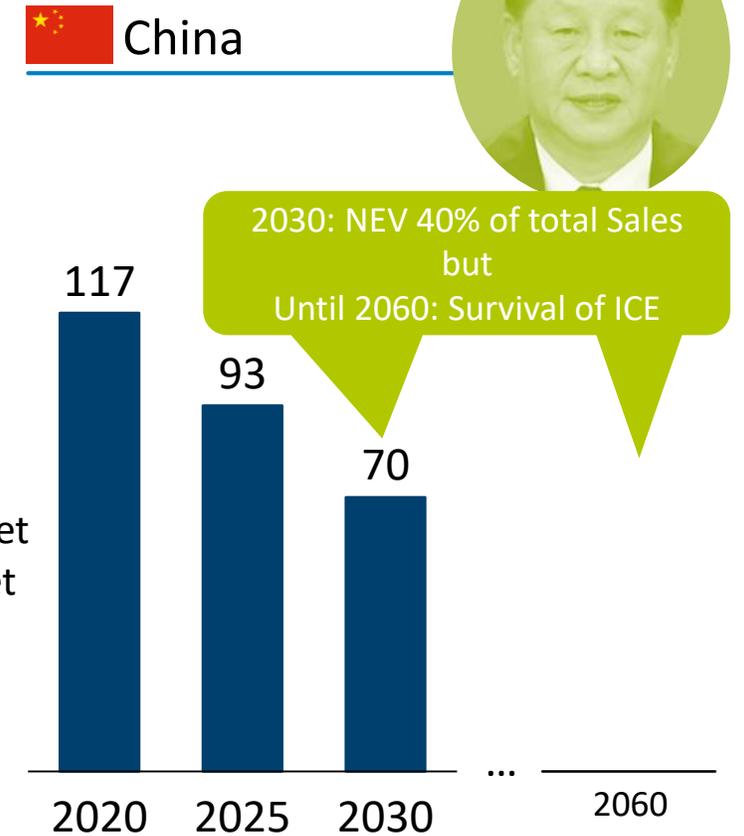
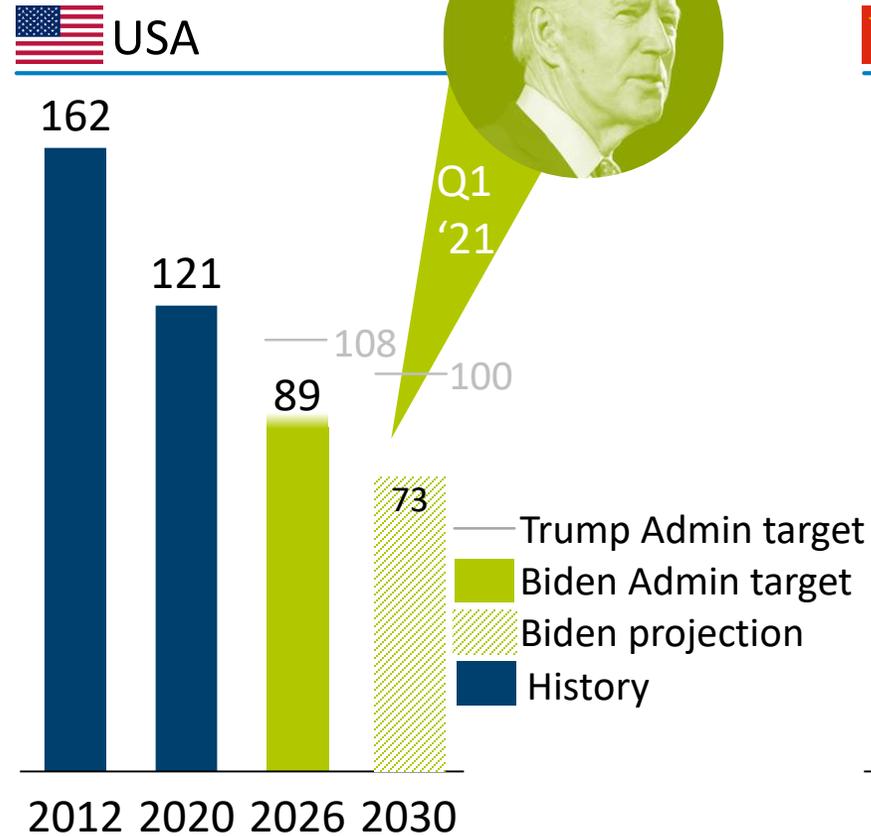
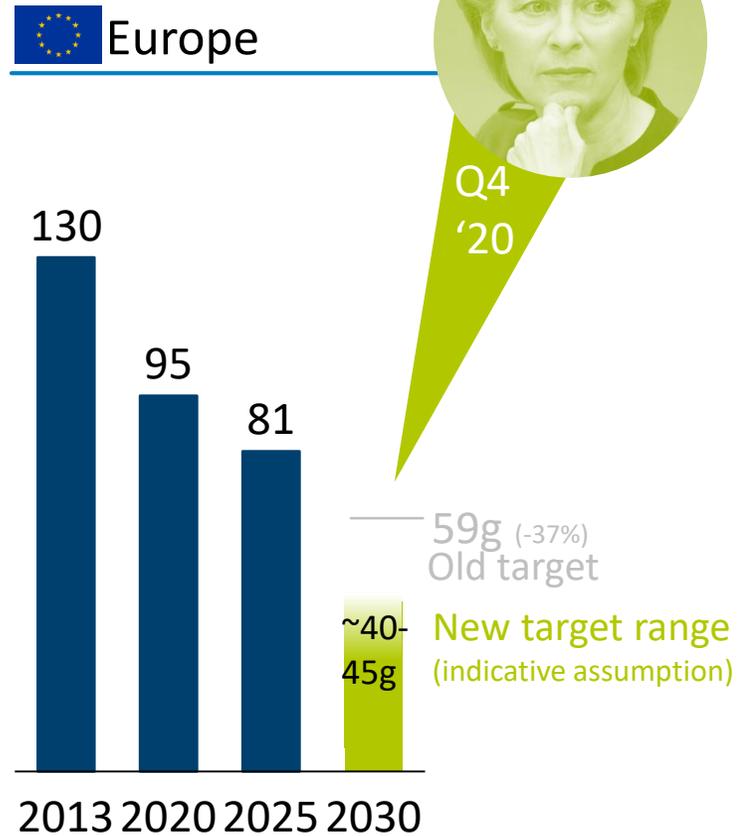


The innovation pipeline is packed!

Markets & Drivers: Clean Mobility

Green ambitions as a clear global trend for cleaner mobility

g CO²/km



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

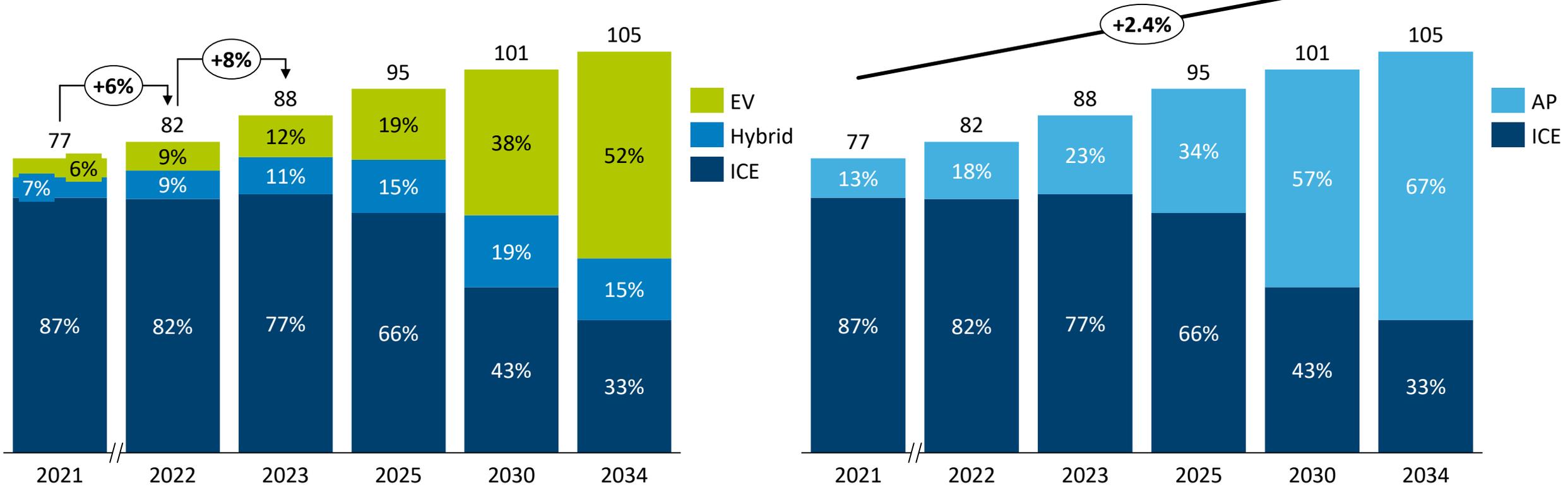
Jan 20th 2021, Biden announced to return to Obama's CO₂ roadmap for 2026. Exact target value for 2026 still to be announced.
2030 figures reflect projection, in case Biden Administration maintains that same pace of CO₂ reduction for '26-'30

Markets & Drivers: LV growth

Declining ICE volumes and accelerated growth for alternative powertrains

IHS LV production forecast*

In million units



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

Source: IHS, Status 03/2022

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

AP includes the rest

Markets & Drivers: Mobility market trends

From combustion engine to alternative powertrain

ICE



CO₂/km **130 g** → **95 g** → **0 g**



Alternative Powertrain*

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

Markets & Drivers: Sensors & Actuators

Prepared for future growth

Outperforming the market

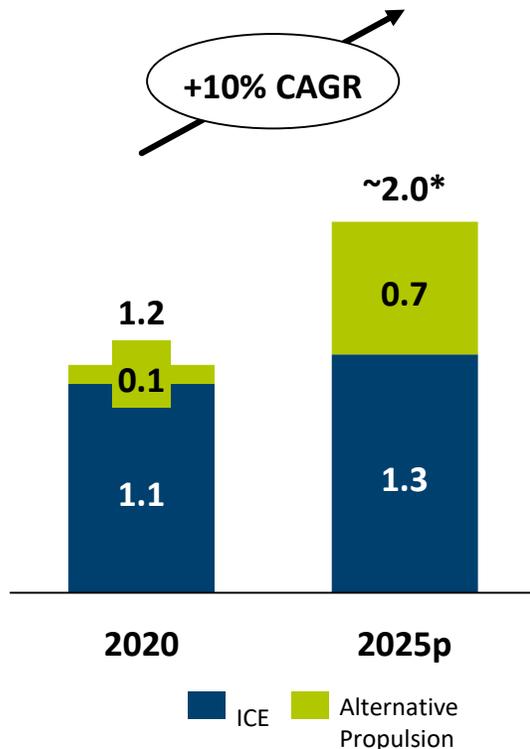
Innovative solutions for clean mobility

Growth in alternative powertrains (AP)

Diversify into new applications

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

* Estimated sales development in €bn



Tighter Regulation of fuel fumes

Electronic Vapor Pump (EVAP)



Fuel Tank Isolation Valve (FTIV)



Electrified Mobility

Thermal Management



COOLANT PUMP



COOLANT VALVE



PROPORTIONAL-COOLANT VALVE

H₂ Products



H₂ Recirculation Blower



FUEL-CELL CONTROL VALVE



ELECTRICAL CATHODE VALVE

Sustainability and Performance

Thermal Management

- Server cooling
- 5G Base station & antenna

Air Management

- Air sanification equipment

H₂ Applications

- Stationary fuel cell

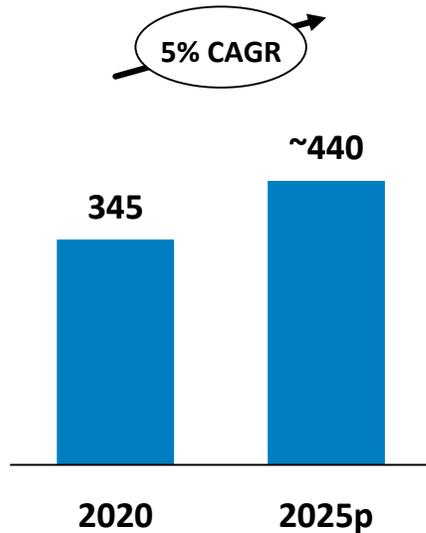
Markets & Drivers: Materials and Trade

Well positioned to capture growth opportunities

Aftermarket

Sales in €m

Solid profitability

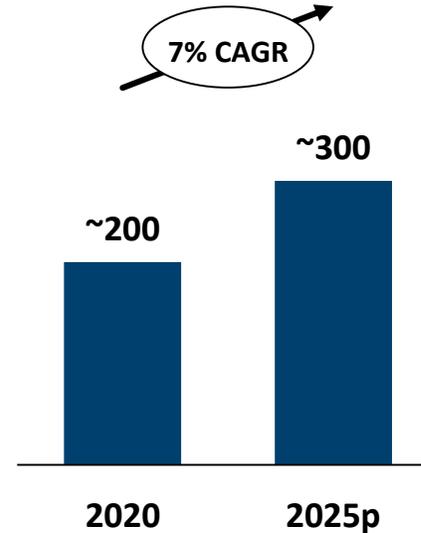


- Regional expansion
- Increase** truck exposure
- Sustainable margin >9%**

Bearings

Sales in €m

Shift to non-ICE applications

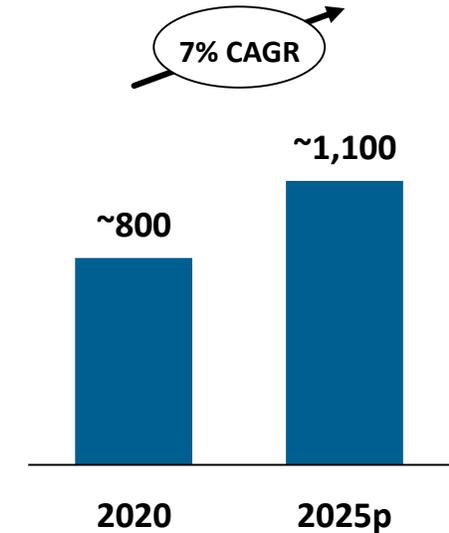


- Accelerate diversification
- Focus on industrials

Castings (Joint Ventures)

Sales in €m

Technology leadership



- Flexible casting technology
- Benefit from global lightweight trend
(100% pro forma sales)

Markets & Drivers: Trucks

Diverse portfolio for truck applications

Materials and Trade

Permaglide bearings for truck compressors and truck hydraulics



Bushings for injection pumps



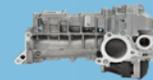
Main-bearings



Connecting rod bearings

Bearings for seat adjustments and doors

EGR cooler modules and mixer modules

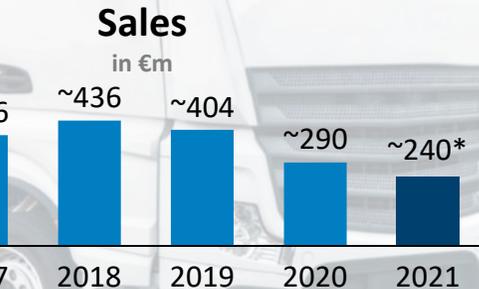


Dual poppet valves



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

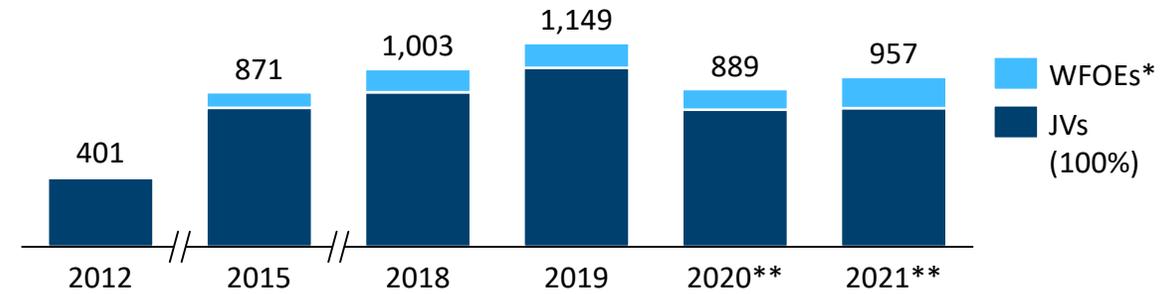
Markets & Drivers: China

Chinese operations geared towards growth

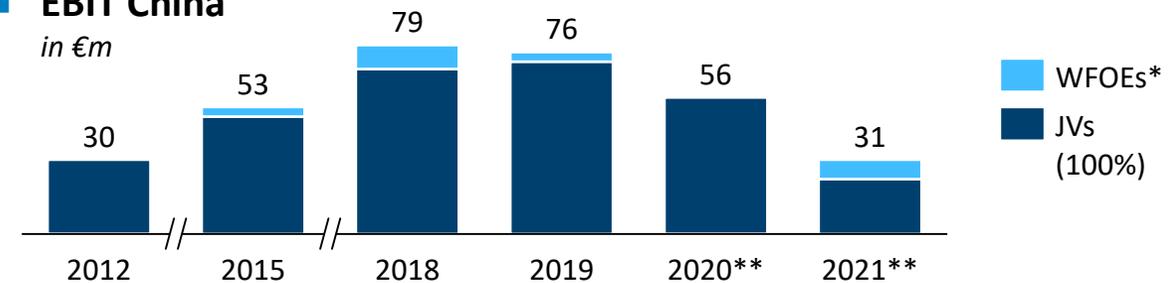
Highlights

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

Sales China
in €m



EBIT China
in €m



VEHICLE SYSTEMS



WEAPON AND AMMUNITION



ELECTRONIC SOLUTIONS



SENSORS AND ACTUATORS



MATERIALS AND TRADE



Five Divisions under one roof

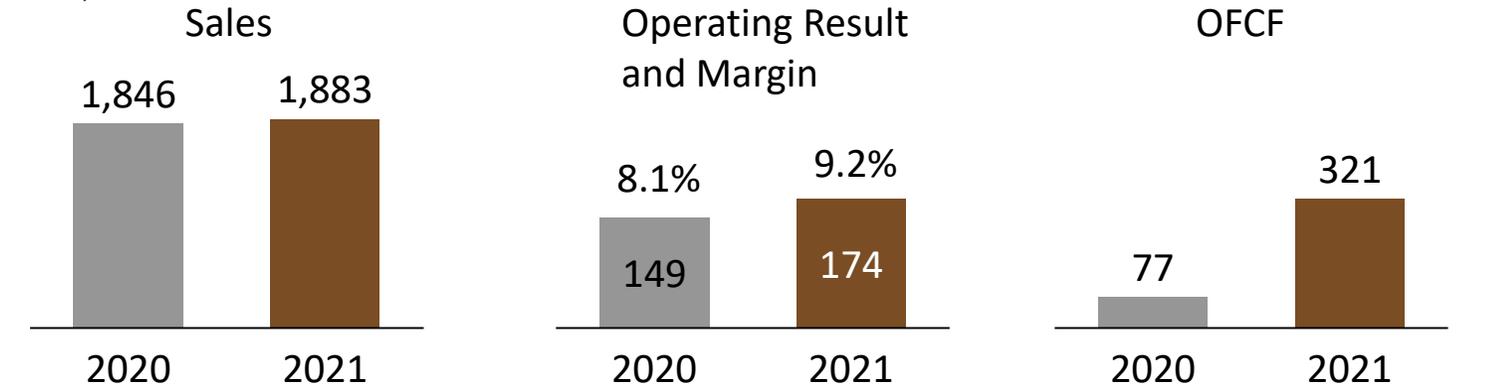
Five divisions under one roof

Division Overview: Vehicle Systems



2021 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

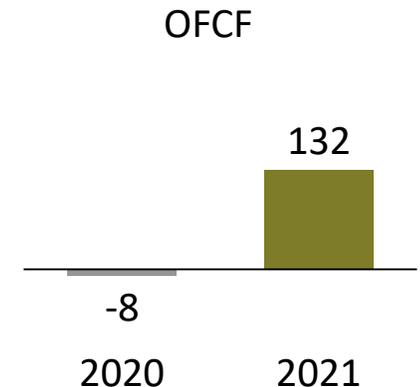
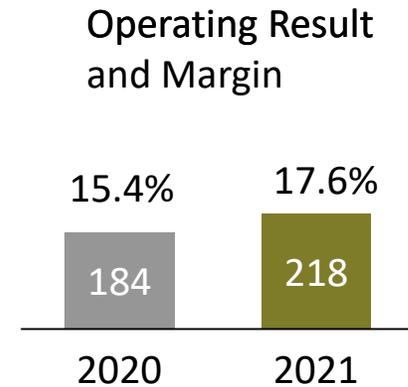
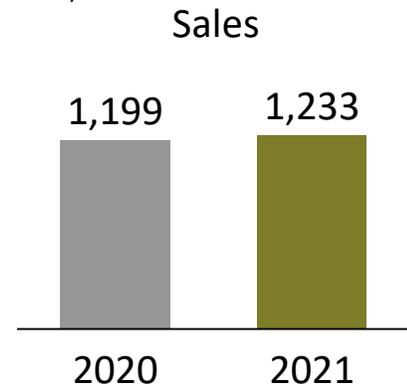
Five divisions under one roof

Division Overview: Weapon and Ammunition



2021 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
- 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

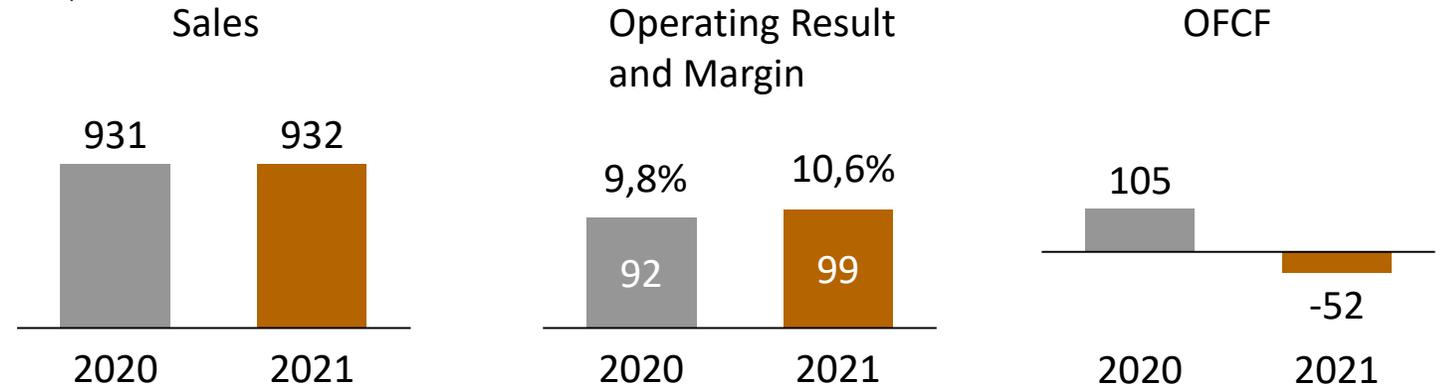
Five divisions under one roof

Division Overview: Electronic Solutions

DIVISION ELECTRONIC SOLUTIONS.

2021 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

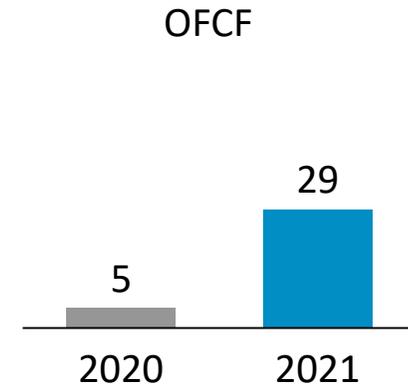
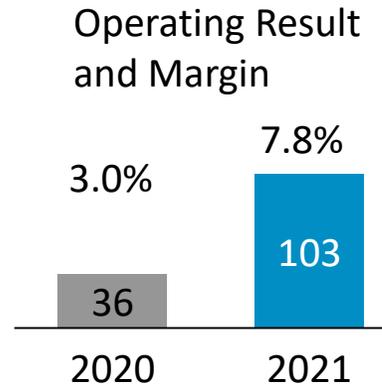
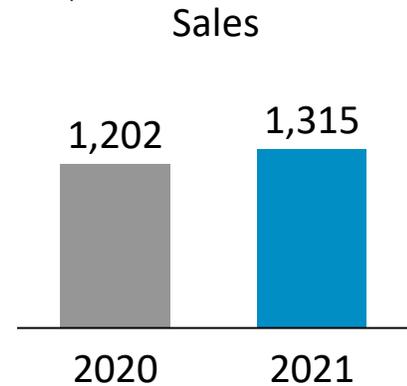
Five divisions under one roof

Division Overview: Sensors and Actuators

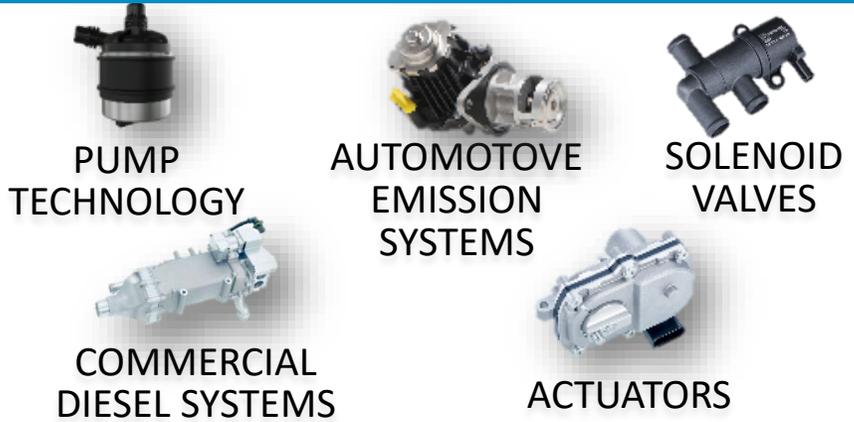


2021 Results

In €m / in %



Products



Market profile

Key Competitors

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

Differentiators

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

Market position

- Leading European Tier 1 supplier

Five divisions under one roof

Division Overview: Materials and Trade



Products



AFTERMARKET



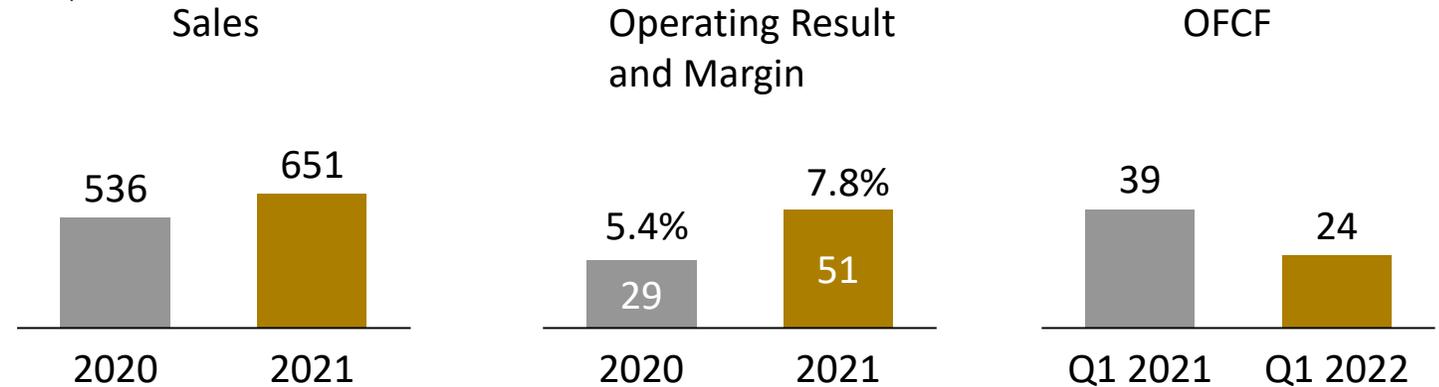
BEARINGS



CASTINGS

2021 Results

In €m / in %



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

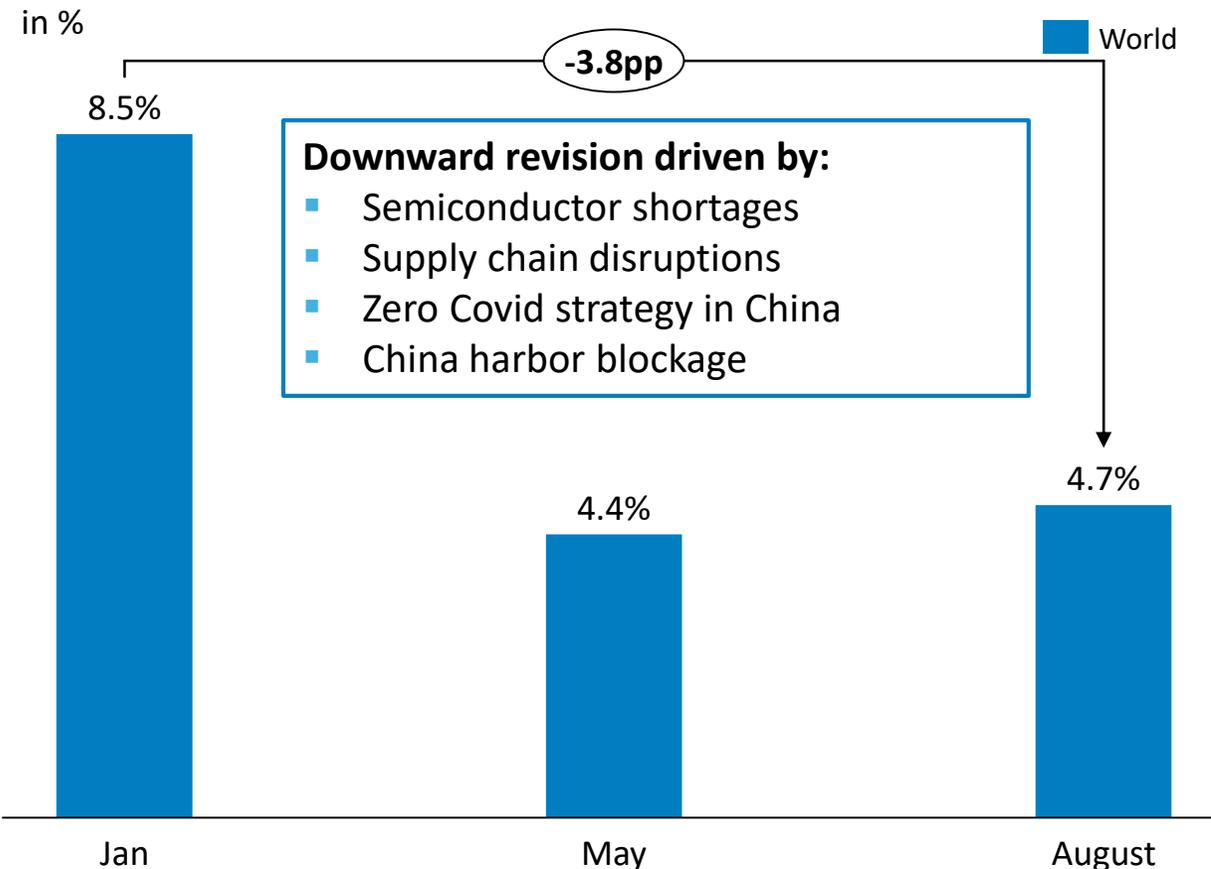
Market position

- Leading supplier
- Strong partnerships

Market update

Market environment of the civil business is facing higher risks

2022 Global LV Production growth forecast*



2022 Civil divisions expectations

Market

- FY growth fully depends on strong H2 recovery
- Chinese lockdown impacts global supply chain
- Additionally negative demand effect of Chinese lockdown

Rheinmetall

- Sensors and Actuators sales expected to improve only slightly compared to 2021 and less dynamic than expected earlier
- Operating result expected to improve slightly compared to 2021
- Expecting to win nomination letters that will drive our booked business to around €3bn



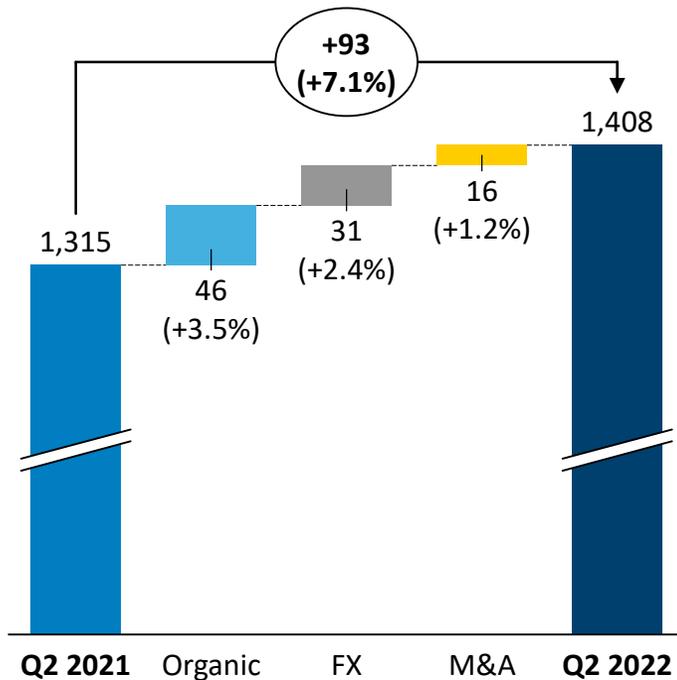
FINANCIALS

Q2 2022 Group Highlights: Key financial data

Sales growth and stable margin in a difficult environment

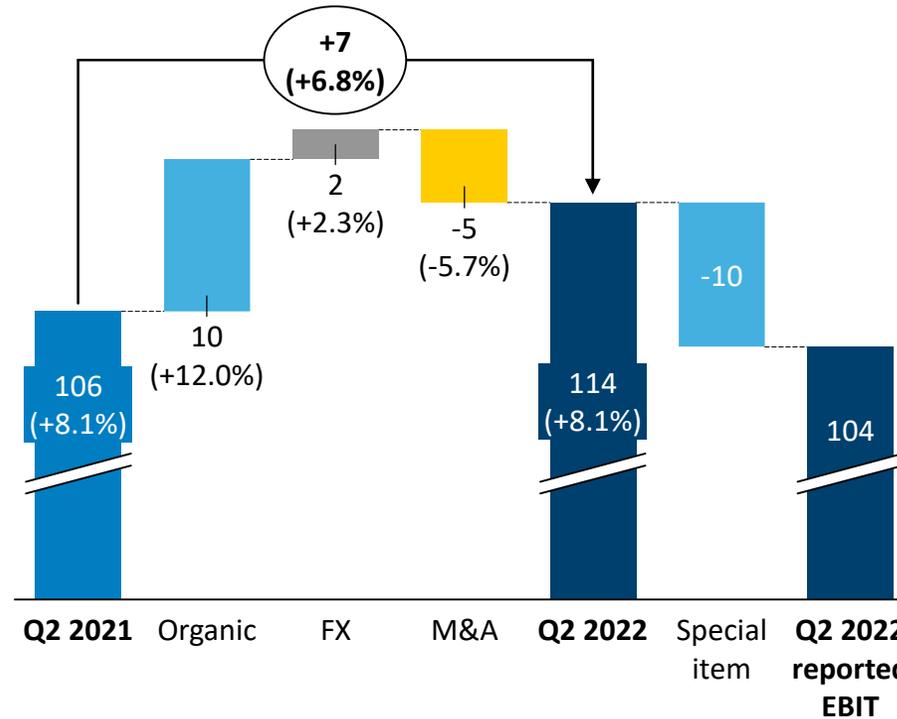
Sales*

in €m



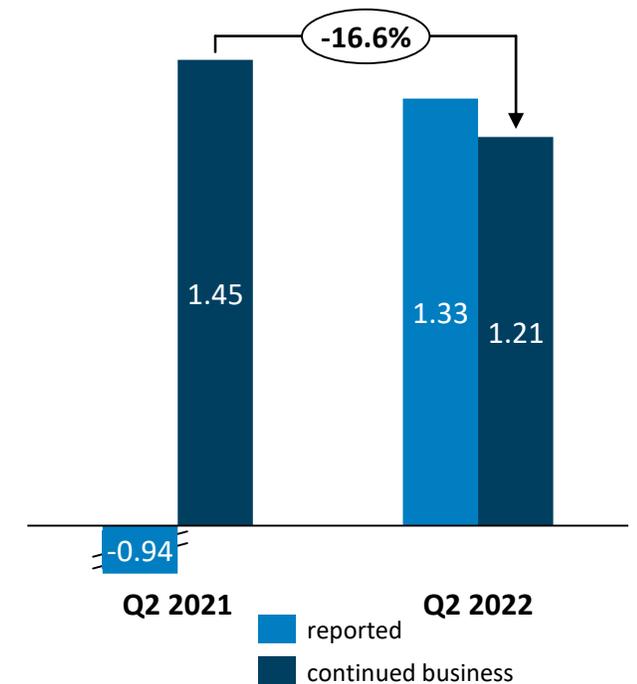
Operating result and margin in %*

in €m



Earnings per share

in €

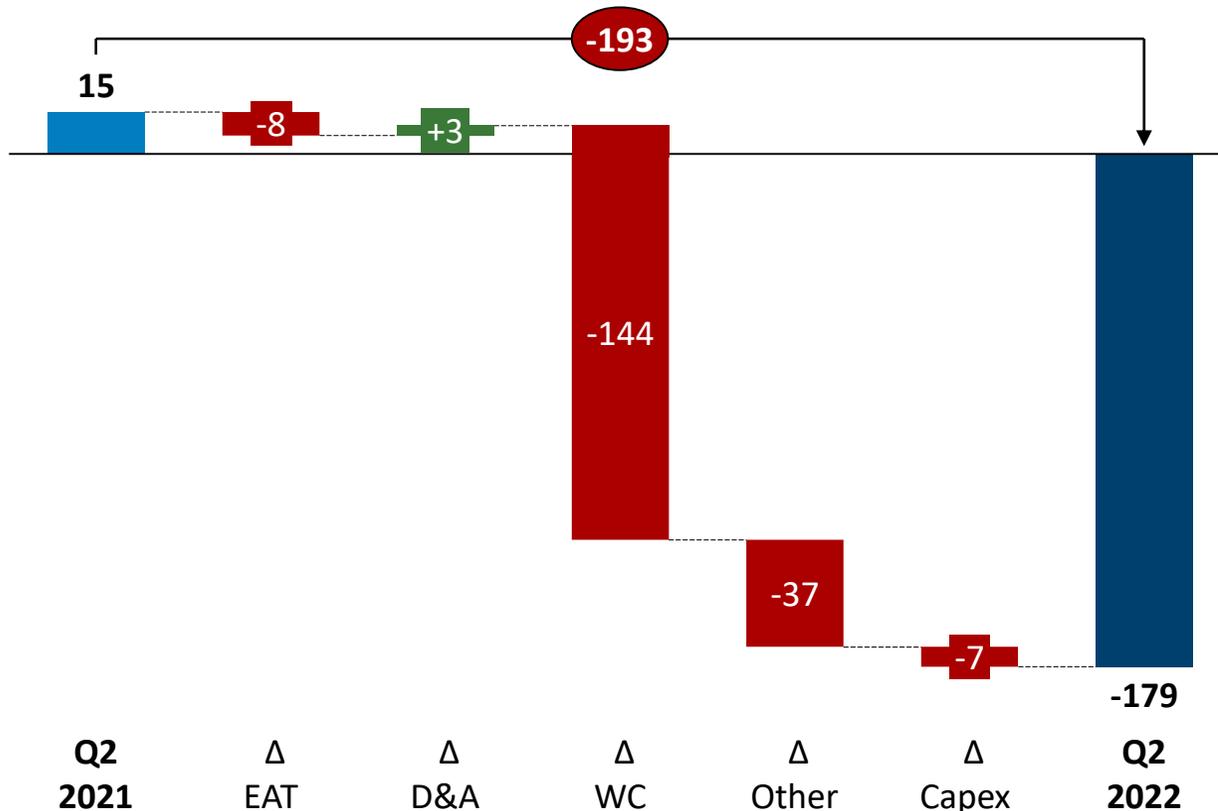


Q2 2022 Group Highlights: Cash flow

Continued working capital preparations burden OFCF

Operating Free Cash flow*

in €m



Highlights / Comments

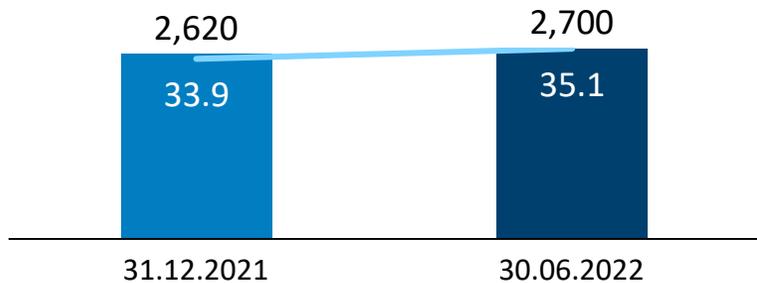
- Ongoing working capital build up to manage stressed supply chains and to prepare future growth
- Operating payments received from major projects in Q2 were level with the prior year but significantly lower than expected in March

Q2 2022 Group Highlights: Balance Sheet

Working capital build up major driver behind net financial position increase

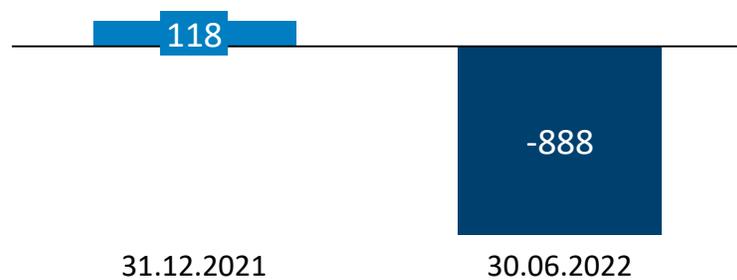
Equity and Equity ratio

in % and €m — Equity ratio ■ Total equity



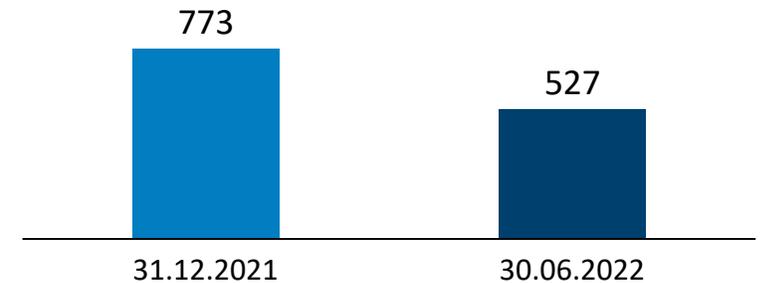
Net financial position*

In €m



Pensions

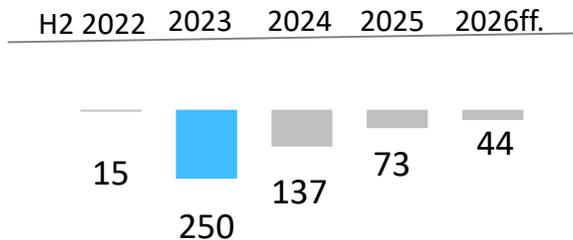
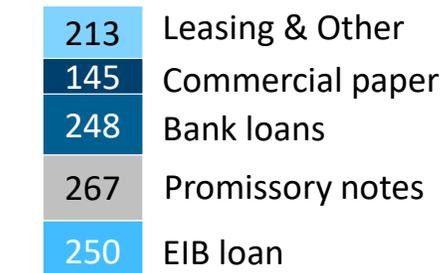
In €m



Gross debt and maturity profile**

in €m

Σ 1,124



30.06.2022

Highlights / Comments

- Net financial position decrease includes working capital build up, acquisitions and dividend payout
- Increasing interest rates lead to declining pensions
- Undrawn credit lines of €0.7bn per end of Q2
- Cash position of €236m and additional securities held for trade with a value of €135m per end of Q2

Q2 2022 Division Highlights

Stable group margin and negative OCF determine the quarter

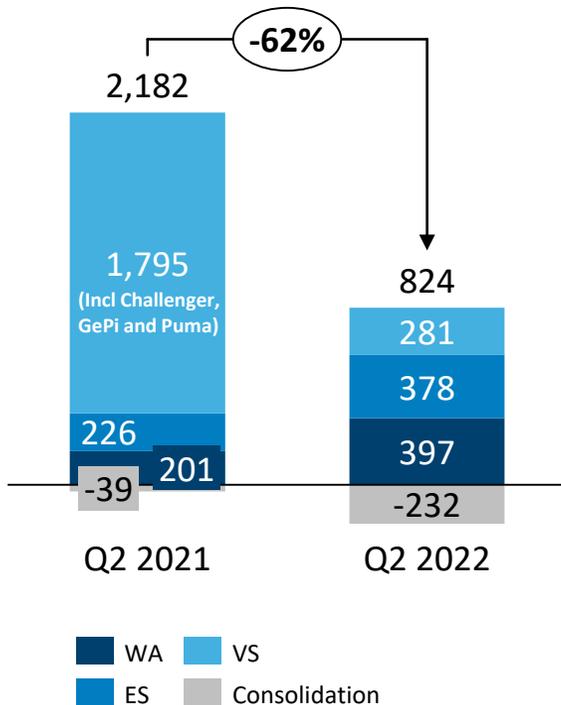
	Sales*			Operating Result*			Margin*		OCF*		
	Q2 2021	Q2 2022	Δ	Q2 2021	Q2 2022	Δ	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Δ
Vehicle Systems	461	451	-2.3%	40	46	15.6%	8.6%	10.2%	96	-16	-112
Weapon and Ammunition	251	307	22.2%	29	39	34.8%	11.5%	12.7%	-22	-51	-29
Electronic Solutions	195	243	24.8%	18	21	14.7%	9.5%	8.7%	-47	-30	17
Sensors and Actuators	325	343	5.7%	23	24	6.0%	7.1%	7.1%	10	-21	-31
Materials and Trade	161	184	14.2%	13	11	-18.4%	8.3%	5.9%	10	3	-7
Consolidation	-78	-120	-53.5%	-17	-28	-62.2%			-33	-64	-31
Rheinmetall Group	1.315	1.408	7.1%	106	114	6.8%	8.1%	8.1%	15	-179	-193

Q2 2022 Markets & Drivers

Healthy order intake lifts backlog above 15€bn

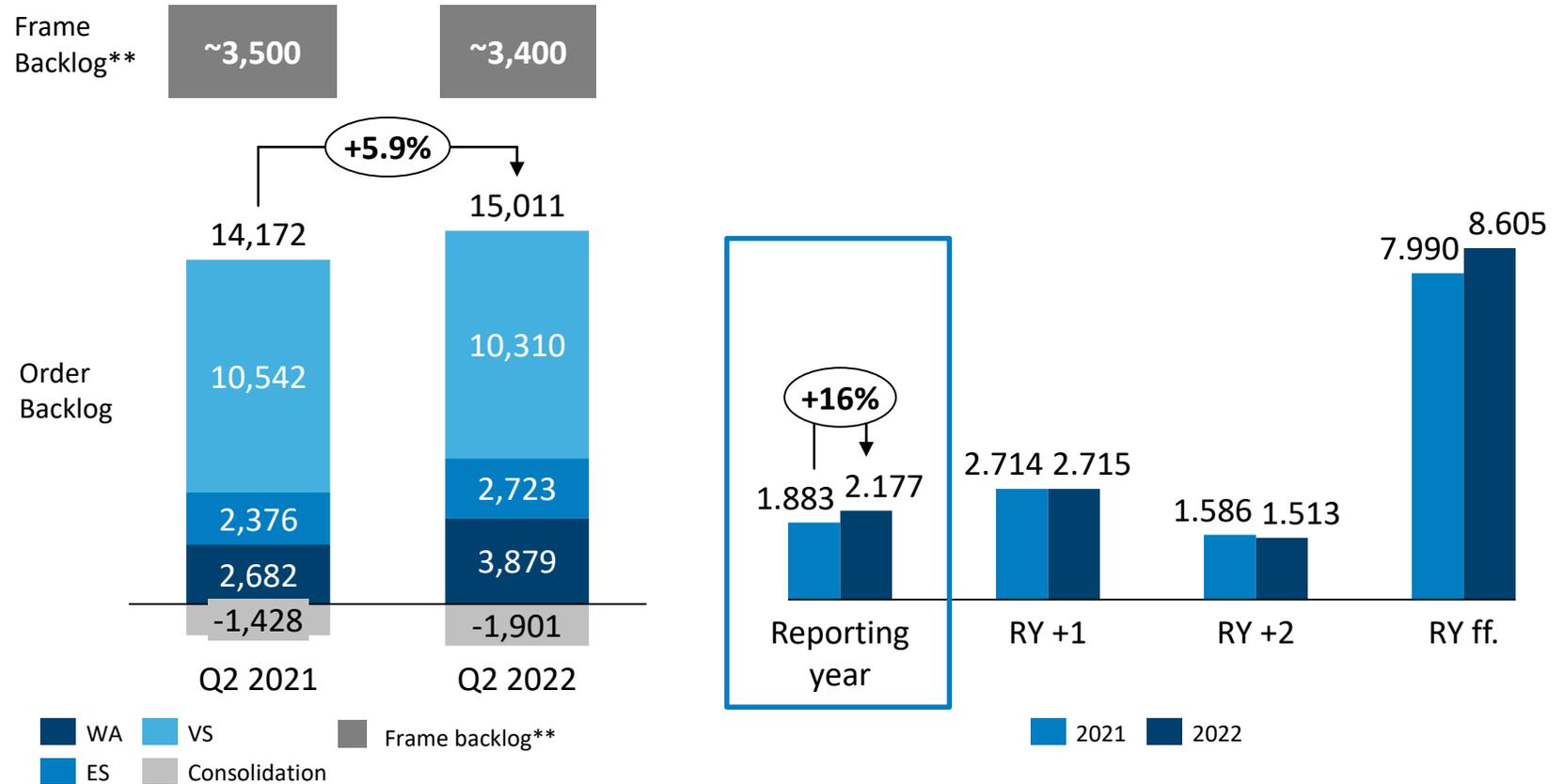
Order intake*

In €m



Order Backlog Profile*

In €m

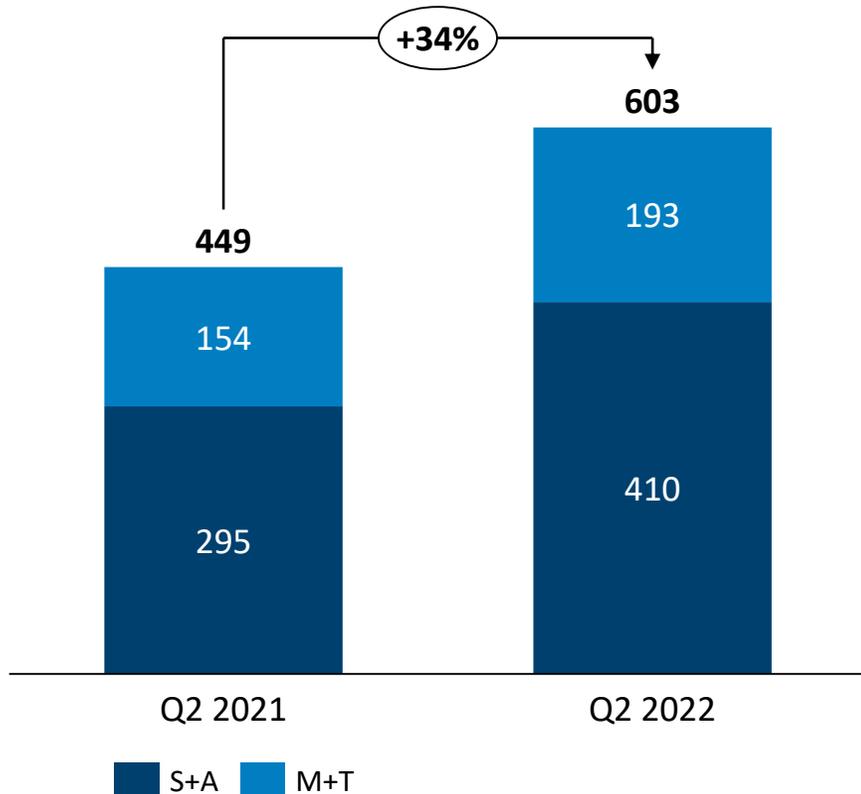


Q2 2022 Markets & Drivers

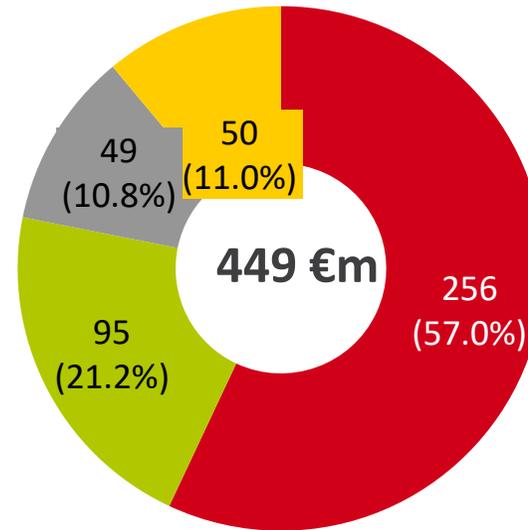
Demand for innovative products remains on high level

Booked business for Sensors + Actuators and Materials + Trade divisions

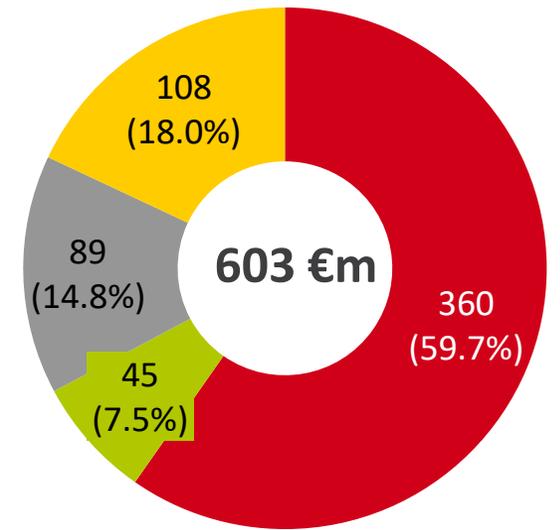
In €m



Booked Business Q2 2021



Booked Business Q2 2022



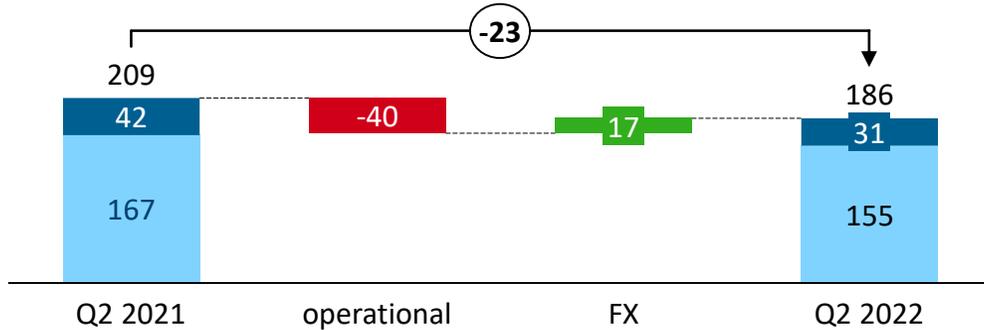
■ LV ICE
 ■ Electrification
 ■ Truck ICE
 ■ Industrial Technology

Q2 2022 Markets & Drivers

Partial lockdown affects our China activities heavily

Sales*

in €m

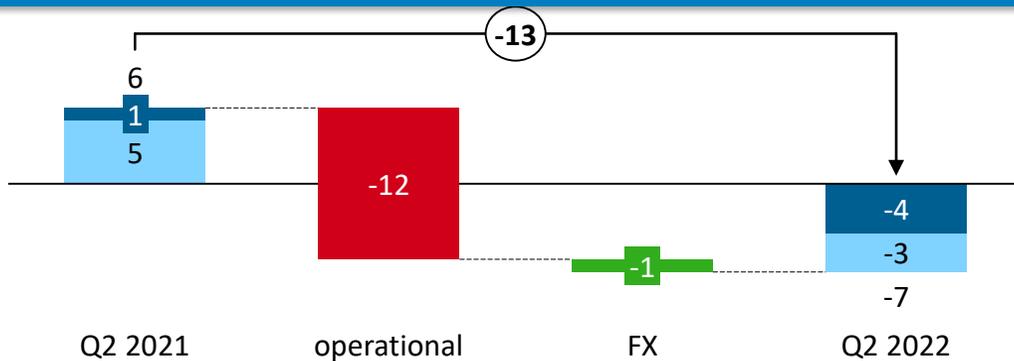


Chinese Market update

- Shanghai area lockdown from mid-March to early June, thus our JVs with production sites in and around Shanghai were in lockdown.
- "Closed Loop Operation" at our sites with reduced volumes
- Strong recovery of production and demand in June
- Outlook remains strong, but with uncertainty of a renewed lockdown

EBIT*

in €m



■ Wholly owned foreign enterprise ■ Joint Venture

Supply Chain & Energy

Mitigating inflation risk and supply chain challenges is key

Energy

- Total energy cost in 2021 were around 50€m incl. gas
- 2022 energy exposure already 80% hedged
- Energy saving measures initiated
 - Solar energy in South Africa
 - Wood chip power plants in Germany
 - Flexibilisation of fuel sources

Raw materials & Parts

- Important raw materials significantly down from their peaks in Q1 2022
- Protection of supply chain by inventory build up
- Qualification of second and third suppliers

Recruitment

- Recruitment process well on track
- Additional hire YTD 2022 of ~900 FTE
- Mostly engineers and IT specialist



OUTLOOK

Outlook

2022 Guidance refined

Organic Sales Growth

~15%

Operating Margin

>11%

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

Outlook

Group - forecast business performance in 2022

		2022	2021
Sales			
Group	€ million	Around 15%	5.658
Division Vehicle Systems	€ million	significantly improved	1.883
Division Weapon and Amunition	€ million	significantly improved	1.233
Division Electronic Solutions	€ million	significantly improved	932
Division Sensors and Actuators	€ million	slightly improved	1.315
Division Materials and Trade	€ million	slightly improved	651
Operating result			
Group	€ million	>11%	594
Division Vehicle Systems	percent	at prior-year level	9
Division Weapon and Amunition	percent	significantly improved	18
Division Electronic Solutions	percent	at prior-year level	11
Division Sensors and Actuators	percent	at prior-year level	8
Division Materials and Trade	percent	slightly improved	8
EBT			
Group	€ million	above previous year	582
ROCE			
Group	percent	between 18% and 20%	pro forma 19,3%
OFCF			
Group	percent	between 3% and 5%	419

For sales, „at prior-year level“ indicates a change of +/- 0% - 5%, „slightly improved/ lower “ indicates a change of 5% - 10%, „significantly improved/ lower“ indicates a change of 10% - 15%

For margin, „at prior-year level“ indicates a change of +/- 0% - 0.5%, „slightly improved/ lower “ indicates a change of 0.5% - 1%, „significantly improved/ lower“ indicates a change of 1% - 1.5%



Responsibility @ Rheinmetall

Responsibility @ Rheinmetall

Mainstays of States: sovereignty, national security and stability of society

Force **protection** is our mission

- We serve governments enabling them to fulfil security policy and military mission obligations

We operate in a strictly **regulated** industry

- German export regime for armaments is among the strictest in the world
- Comprehensive set of procedures and internal controls designed to ensure compliance with applicable export controls and sanctions

NO controversial weapon production

- We do **not** develop, produce or distribute controversial weapons as defined in [CCW](#), [Ottawa Convention](#) and [CCM](#)*

* CCW: UN Convention on Certain Conventional Weapons, Ottawa Convention: UN Anti-Personnel Landmines Convention, UN: Convention on Cluster Munitions

Responsibility @ Rheinmetall

ESG is embedded in our strategy - Great strides recognized by improved ratings

Measures

- CO₂ Neutrality brought forward from 2040 to 2035
- Compensation policy update: 20% ESG targets in long-term incentive
- First release of ESG Factbook
- Introduction of „Corporate Sustainability Board“

Initiatives & Targets

- CDP**
first participation Q3 2021
- UN Global Compact**
member since Q2 2021
- TCFD & SASB**
planned for 2022
- SBTi**
Commitment “pathway to 1.5 °C” Q1 2022

Ratings selection

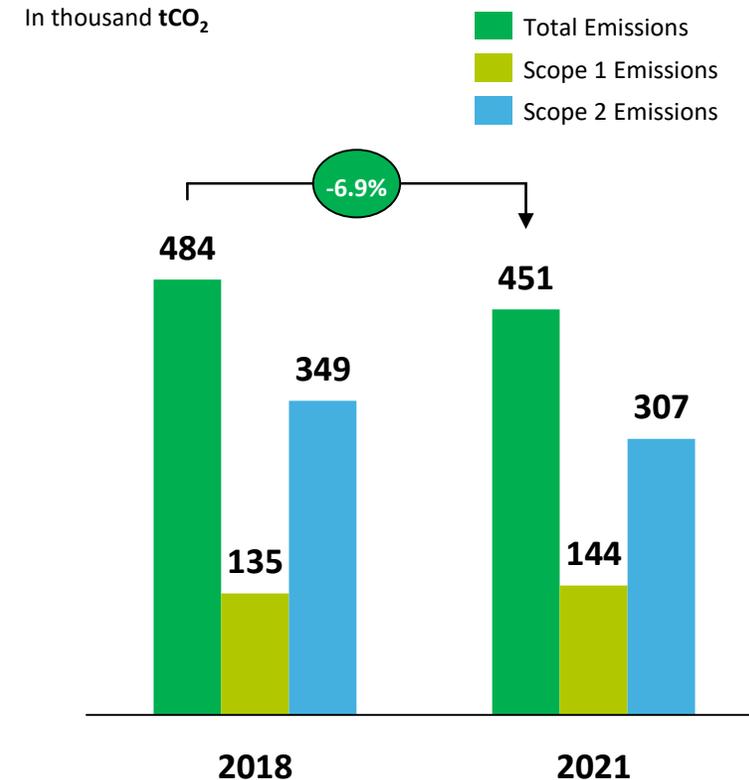
- MSCI ESG**
AA only 24% of 33 companies score AA or better
- ISS ESG**
C only 15% of 65 companies in A&D score C or better
- S&P Global**
33 Industrial conglomerates; Industry average 29
- Sustainalytics ESG risk rating**
28.3 Peer group A&D Ø 37.9; Industry rank 10/94

Responsibility @ Rheinmetall

Environmental goals

2035: CO₂ neutral *

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

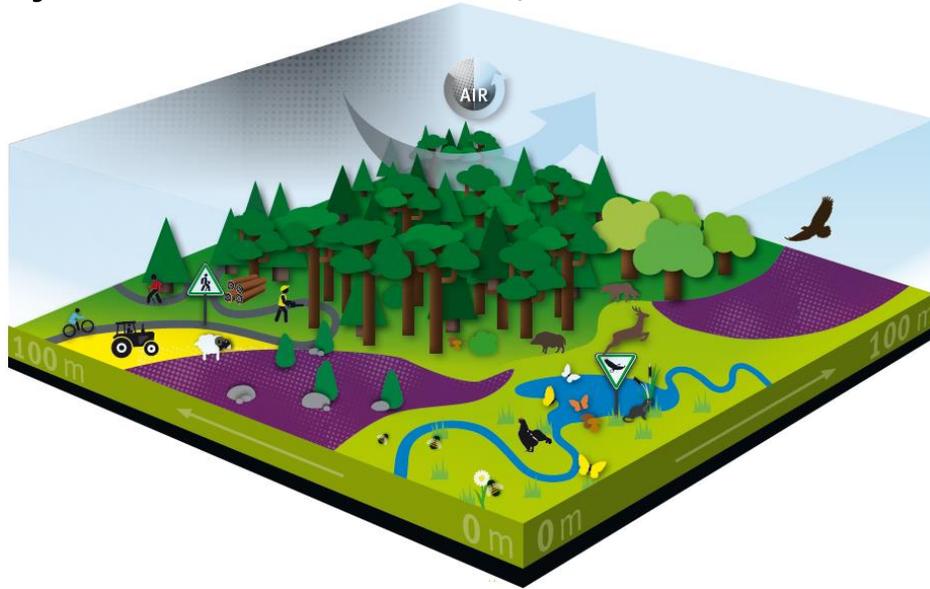


* CO₂neutrality aligned with Paris Agreement and determined in line with the Science Based Target Initiative

Responsibility @ Rheinmetall

Biodiversity activities

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



- **Fojana is Rheinmetall’s own 55-square-kilometer site including:**

- 3,300 hectares of forest
- 900 hectares of heathland
- 420 hectares of eco-friendly used agriculture
- 90 % of the area is managed in keeping with the typical original character of the landscape

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

Responsibility @ Rheinmetall

Being a responsible corporate citizen



Social responsibility



Rheinmetall

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

Worldwide

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

Responsibility @ Rheinmetall

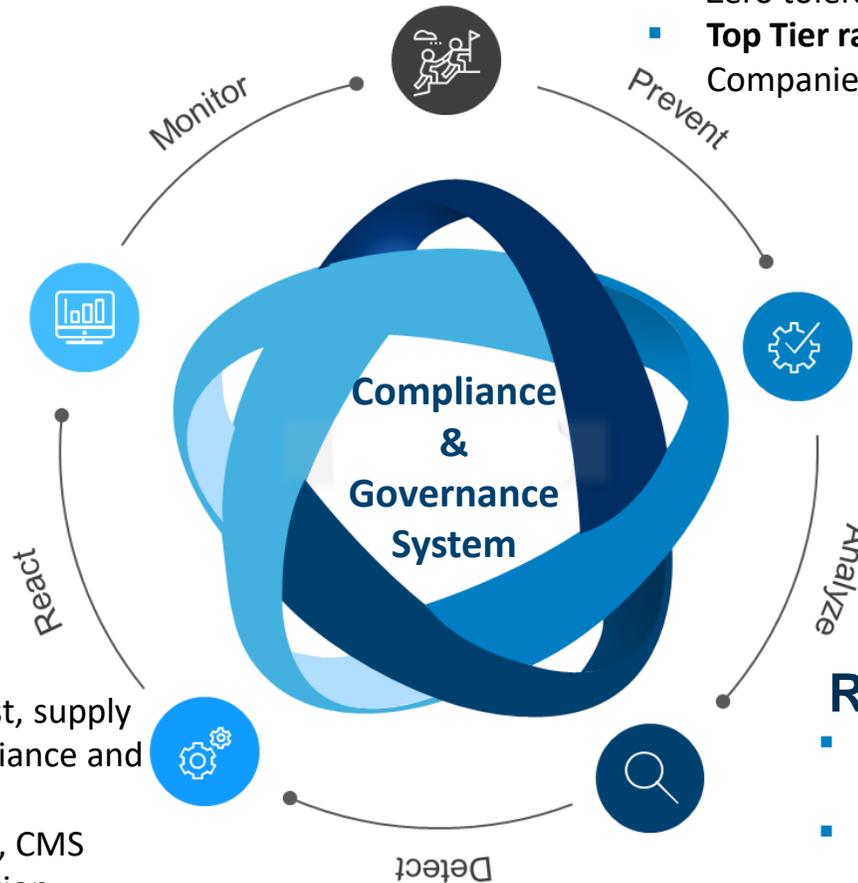
Compliance & Governance System

Communication

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

Organization & Program

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



Culture

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

Compliance Goals

Compliance at Rheinmetall means / is...

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

Risks & Monitoring

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

Responsibility @ Rheinmetall

Implementing transparency in the supply chain

Frequent Supplier Monitoring process started

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

2021 | Business Partner Checks Supply chain

96 countries

43.280
suppliers

296

Supplier audits

87%

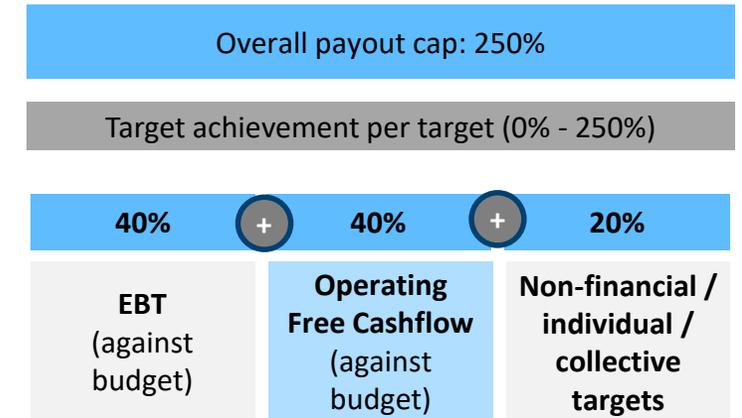
w/o findings



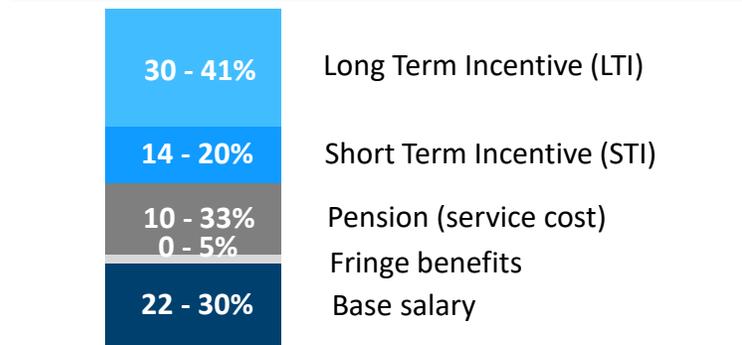
Responsibility @ Rheinmetall

New Executive Board remuneration policy with 20% share ESG targets

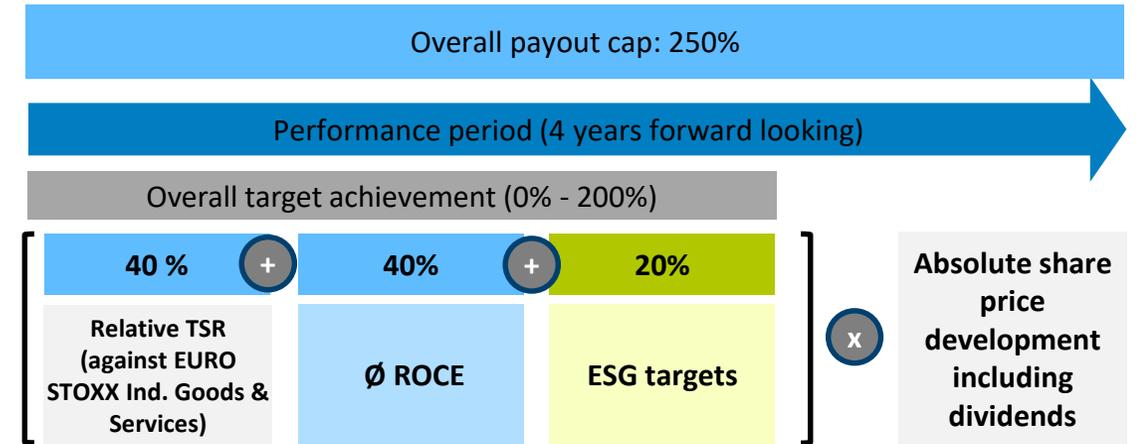
Short Term Incentive



Remuneration structure



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

Capital allocation

Growth remains top priority

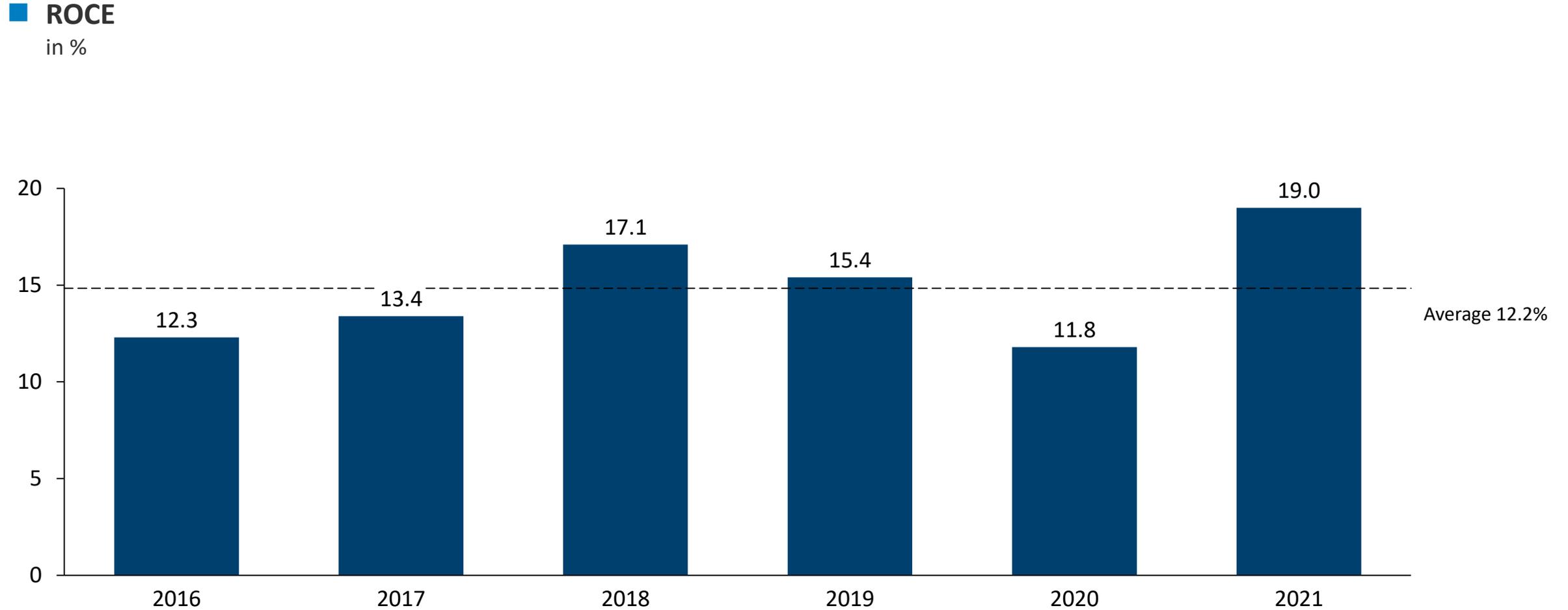
- 1 Funding of growth (organic and M&A)**
- 2 Dividend to shareholders (mid-term payout ratio 35-40%)**
- 3 Further funding of pensions via CTA (Germany, target level 50-60%)**
- 4 Share buyback (Currently not a priority)**

FY 2021 Group Highlights

Milestones in acquisition strategy

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

ROCE development



Rheinmetall 2016-2020: Key figures (as reported)

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

Key Figures

Key Figures

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

Balance Sheet

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

Income Statement

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

Cashflow Statement

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

Next events and IR contacts

Next Events

Commerzbank and Oddo BHF, Corporate Conference, Frankfurt	07 August 2022
Metzler Dialog, Frankfurt	12 September 2022
Quo Vadis Industrials Tour, UBS, virtual	13 September 2022
Berenberg and Goldman Sachs Conference, Munich	21 September 2022
Baader Investment Conference, Munich	22 September 2022
Q3 Earnings call	10 November 2022
Save the date CMD	15/16 November 2022
Deutsches Eigenkapitalforum, Frankfurt	29 November 2022

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](#)
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[Interim Report](#)
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[Annual Report](#)
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