



**TECHNOLOGIES FOR MOBILITY.  
TECHNOLOGIES FOR SECURITY.  
PASSION FOR BOTH.**



MOBILITY. SECURITY. **PASSION.**



# Corporate Presentation

Rheinmetall AG, November 2017

# Rheinmetall Group: Serving the need for mobility and security

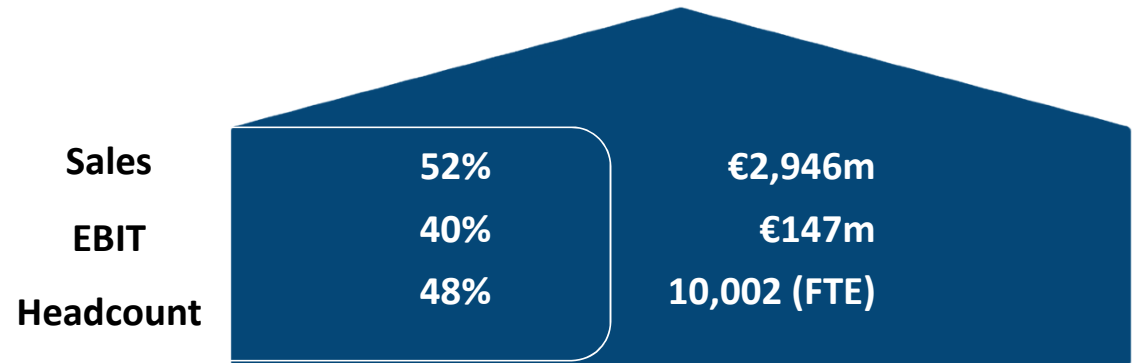
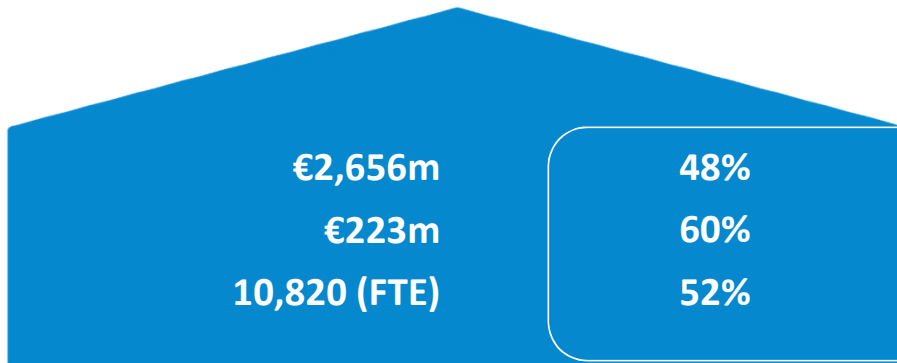
**Key Performance Indicators**

■ Sales	€5,602m
■ EBIT	€353m
■ Operating FCF	€161m
■ EPS	€4.69
■ Headcount	20,993 (FTE)



**Strategy roadmap**

- Organic growth
- Internationality expansion
- Leading by innovations
- Targeted acquisitions



FTE: Full time employees

# Rheinmetall Group: Products and divisions



## Automotive



## Defence

### Focus: Engine efficiency, NO<sub>x</sub>- and CO<sub>2</sub> - reduction

- **Mechatronics:** Provider of cleaning technologies like exhaust gas recirculation
- **Hardparts:** Casting products like pistons, engine blocks and structural parts
- **Aftermarket:** Supporting repair shops with a comprehensive assortment of spare parts

- Risk balanced structure based on >125 years of enterprise history
- Clear management focus: growth and profitability
- Both segments on right performance track

### Established long term supplier of ground force equipment

- **Vehicle Systems:** Successful formation of a military vehicle producer with wide product range
- **Weapon & Ammunition:** International market leader position
- **Electronic Solutions:** Strong product basis for electronic and IT based equipment

# Rheinmetall Group: Business Model

- Rising individual mobility
- Regulatory push for cleaner cars



- **Tier 1 supplier** of OEMs
- **Expansion in global markets** based on high-tech products
- **Focus on combustion engines** with chances for hybrid and e-engines
- Strong pillar through **non-LV business**

## Market drivers

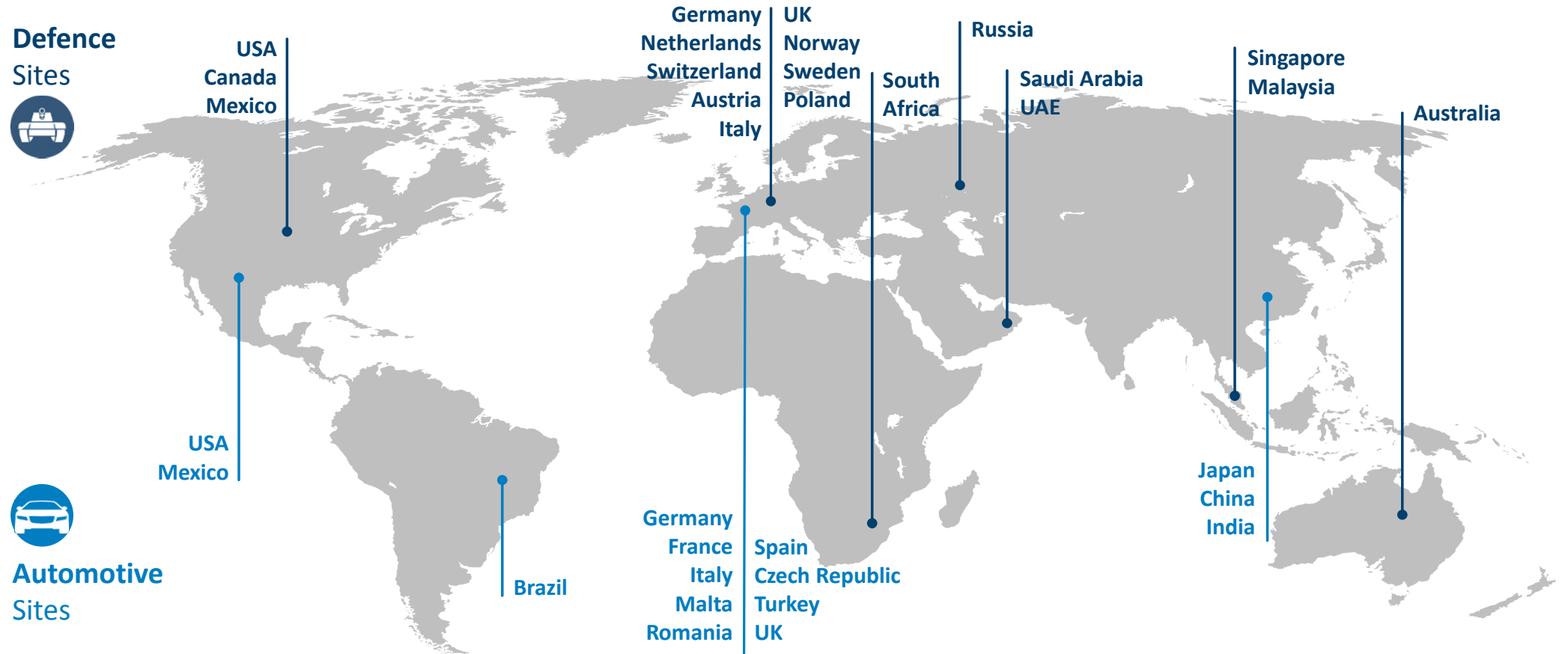
- Increased number of conflicts and threats
- Higher defence spending



## Business model

- **Leading provider** of innovative products primarily to ground forces
- **High order potential** in home markets
- **Internationalization** by cooperation

# Rheinmetall Group: More than 100 production sites and offices on all continents



# ESG with high importance for Rheinmetall

## Environment



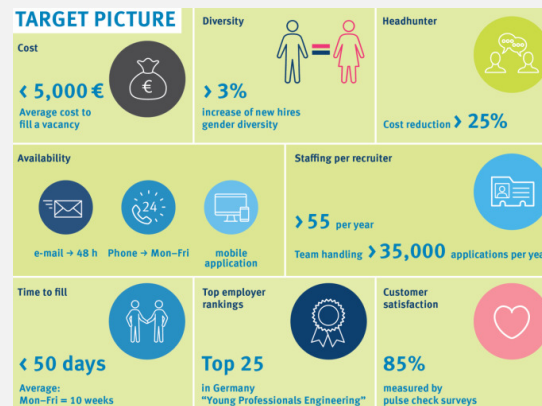
- **Reduction of the ecological footprint**
  - Decrease of energy needed
  - Selective use of raw materials
- „Road to 95“ and E-mobility
  - Our products increase fuel efficiency
  - New ebike, e-motor and battery pack
- **Support of conservation**
- **Development of the former production site in Düsseldorf**



## Social



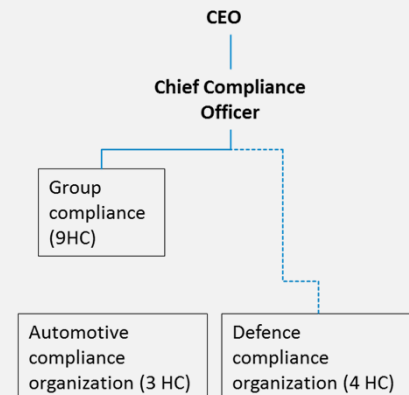
- **Clear statement against cluster munition**
- **Promoting education and training**
- **Support of gender diversity**
  - Women in management
- **Workforce**
  - Integration of refugees via apprenticeships
  - Support of employee families

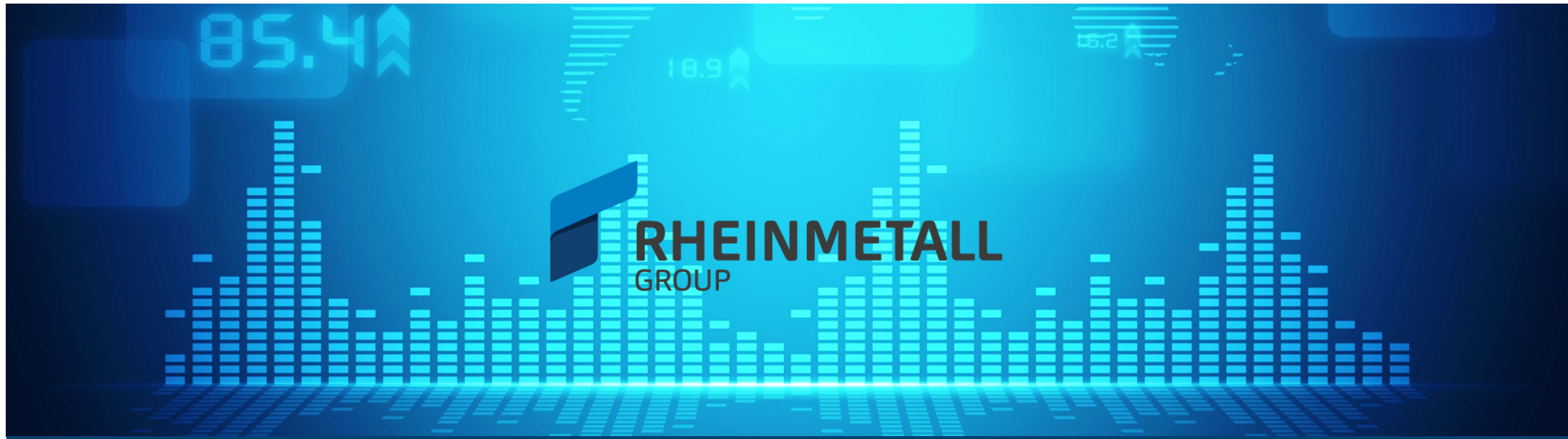


## Governance



- **Transparency towards customer, investors and other stakeholder**
- **Non-compliant business behavior is unacceptable**
- **Zero tolerance of corruption and fraud**
- **Central Compliance Management System**
  - Employee awareness initiative





## Corporate Presentation: Rheinmetall Group Q3 2017

## Highlights Rheinmetall Group Q3 2017

### Solid quarter with strong result contribution from Defence

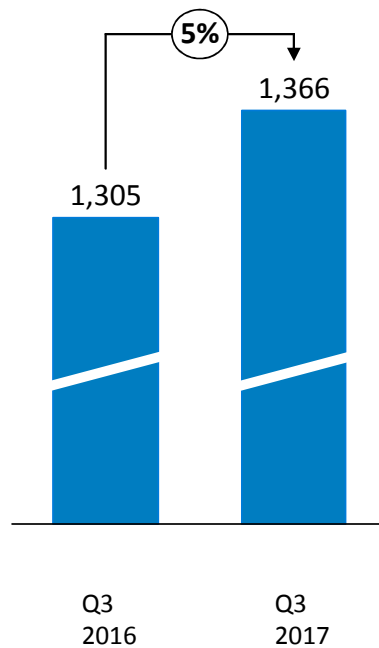


- **Sales** increased by 4.7% to **€1.366 bn** or 5.4% currency adjusted
- **Operating result** improved by 23% to **€97 m**
- **Group margin** gained 100bp advancing from 6.1% to **7.1%**
- **Automotive** optimized global footprint with an **EBIT impact** of **€22 m**
- **FY guidance affirmed**

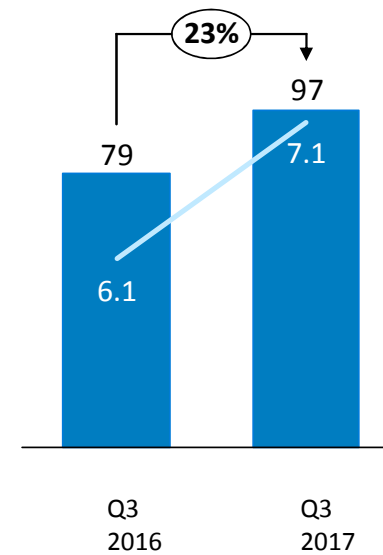


## Operational margin improvement continues in Q3

■ Sales  
in EUR million

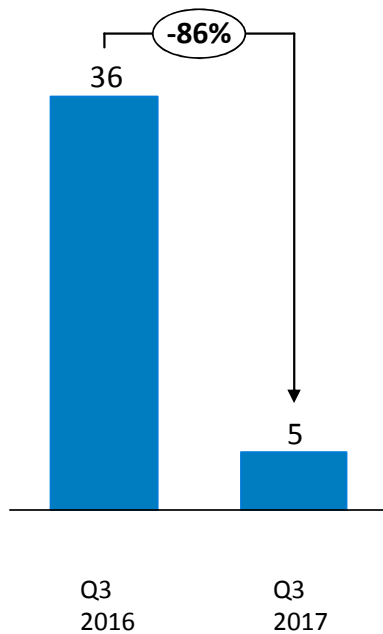


■ Operational result in EUR million  
Operational margin in %

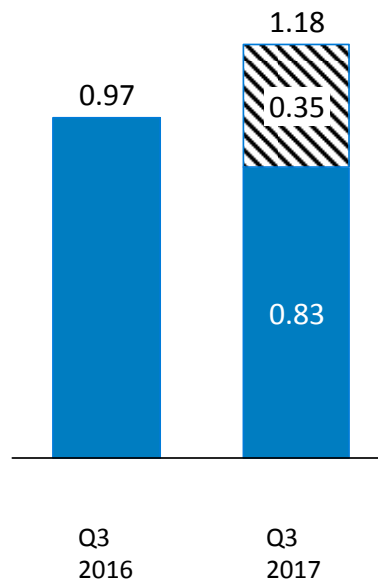


## Cash flow affected by working capital buildup in Defence

■ **Operating Free Cash Flow**  
in EUR million



■ **Earnings per share**  
in EUR

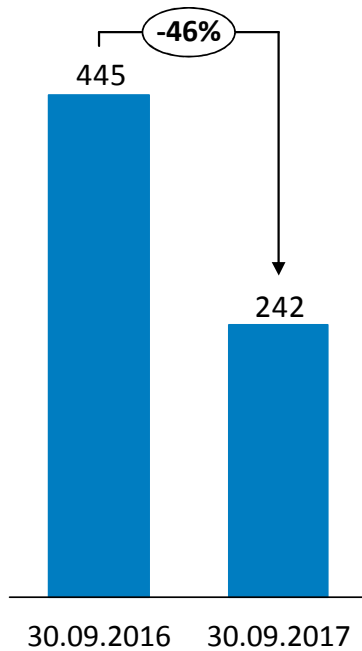


■ **Headcount**  
in capacities

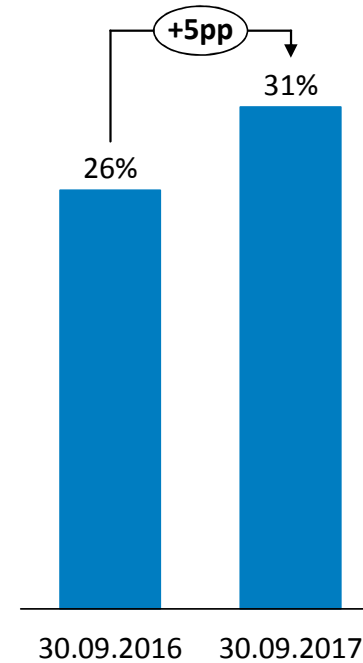


## Solid financial status further improved

■ Net debt  
in EUR million



■ Equity ratio  
in % of total assets



## Highlights Rheinmetall Automotive Q3 2017

### Market outperformed, margin improved

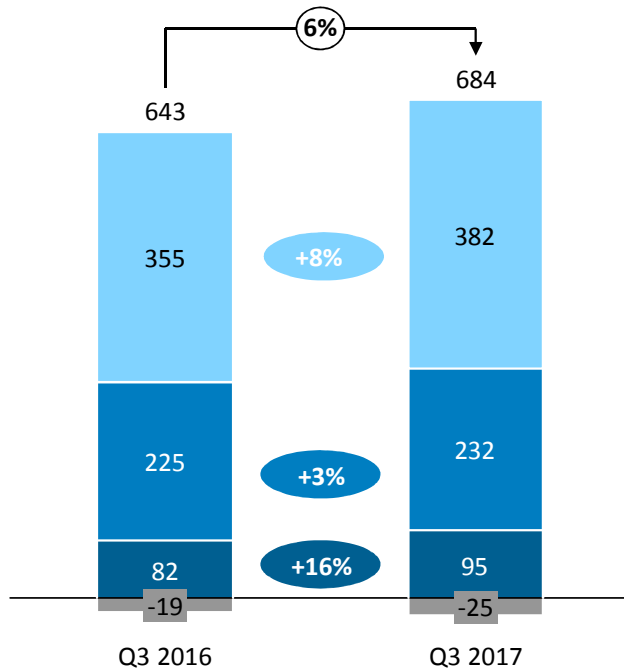


- **Sales rose** by 6% to **€684 m**, FX adjusted 7.3%
- **Operating result grew** by 12% to **€57 m**
- **Operating margin increased** by 40bp to **8.3%**
- **Quarterly free cash flow improved** by €34m to €81 m
- **Restructuring impact** on reported EBIT of **€22 m**

# Operational leverage in Mechatronics and Hardparts drive the quarter

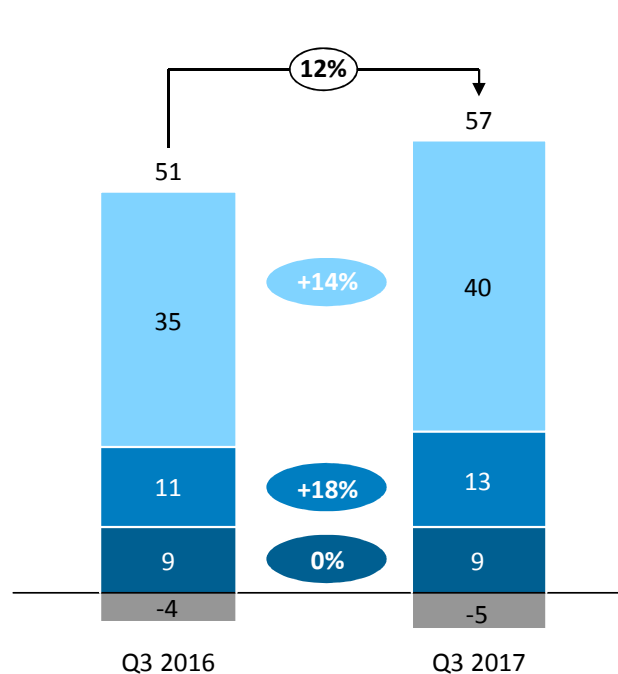
## Sales Automotive

in EUR million



## Operating result Automotive

in EUR million



## Reasons for result development

### Mechatronics

- Strong demand for fuel optimization as main driver; emission reduction on solid level

### Hardparts

- Higher demand for Large Bore Pistons and good development for European LV pistons

### Aftermarket

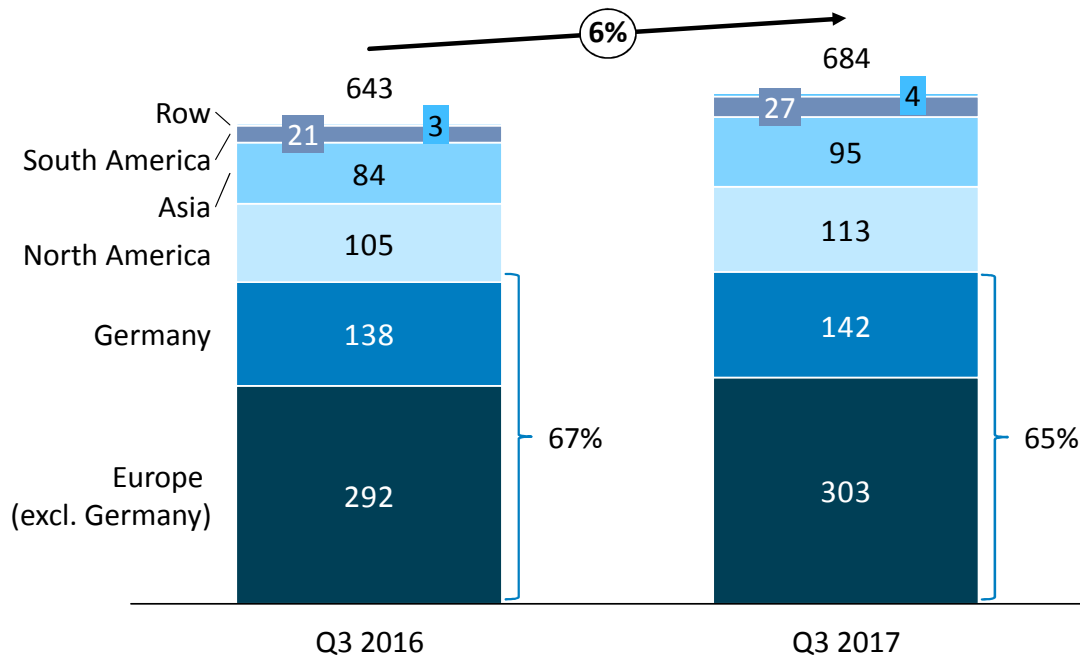
- Recovery of sales in East European countries

Restatement of 2016 reported figures in Mechatronics and Aftermarkets related to change in plant assignment

# Markets in better shape than anticipated, outperformance intact

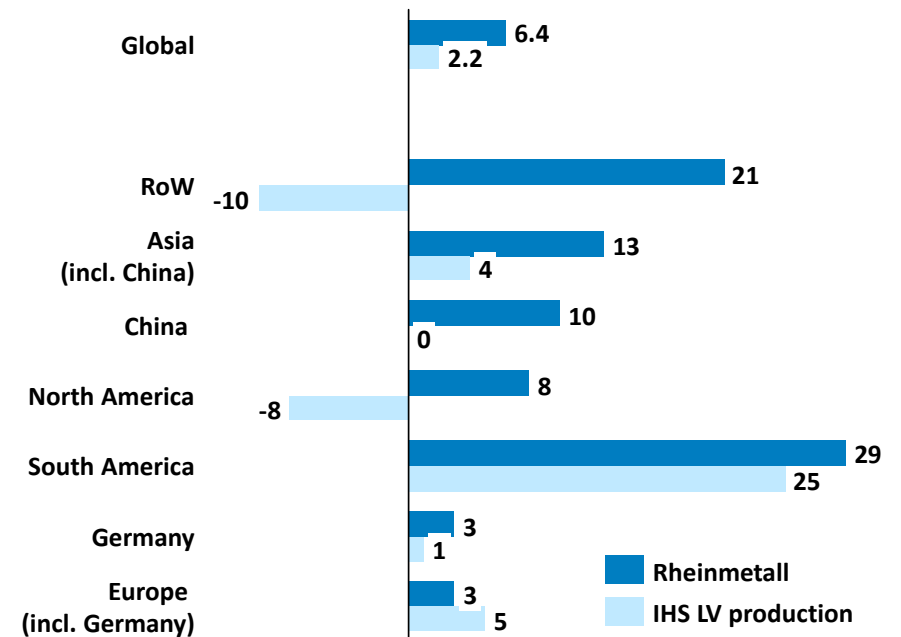
## Regional sales development Automotive

in EUR million



## Regional sales growth Q3 2017

in % (IHS October 2017)



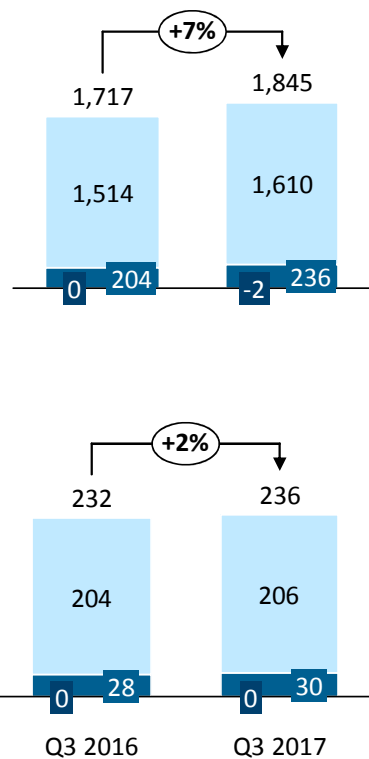
# Chinese entities stronger than the market

## China LV production

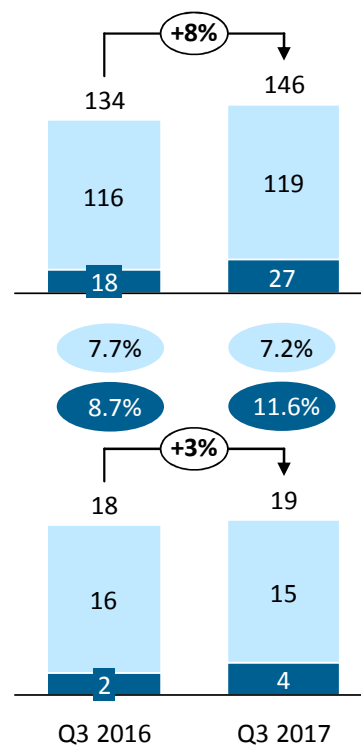
in million units



## Sales in million



## Operating result in million / in %



- Strong growth and operating earnings
- JVs: Hardparts sales up; operating margin slightly lower
- WFOEs: High demand for Mechatronics products, rising profitability

■ JVs (100% figures of 50/50 JV, consolidated at equity)  
■ WFOEs (Wholly Foreign-Owned Enterprises)  
■ consolidation

## Hardparts streamlined its global footprint

### ■ Closure of pistons plant in Thionville (Lorraine/France)

- Strategic step to improve the cost basis of Hardparts
- Concentration of European LV pistons production in Ustí (CZ)
- Reduction of around 140 headcount in a consensual way by support of post-employment development plans
- Production will cease in H2 2018



Hardparts site

### ■ Financial impact

- One time cost of around €22 m, thereof:
  - €17 m for severance payments and site remediation (cash-effect in 2018)
  - €5 m asset impairment (non-cash effect)
- Annual savings of around €10 m expected mid-term



## Highlights Rheinmetall Defence Q3 2017

### Strong momentum in earnings and order intake

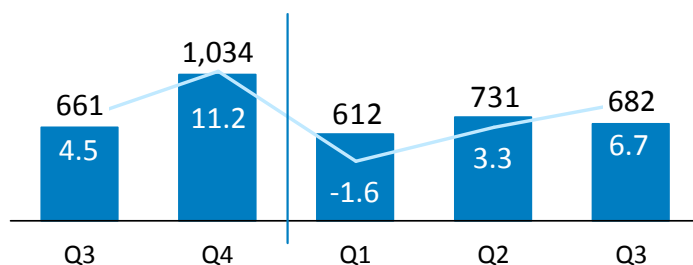


- **Order intake rose** by €296 m to **€870 m**
- **Sales gained 3%** to **€682 m**
- **Operating result** increased by 53% from €30 m to **€46 m**
- **Operating margin** went up from 4.5% to **6.7%**

## Rheinmetall Defence

### Margin and order intake trend positively towards FY guidance

#### Quarterly sales and margins development



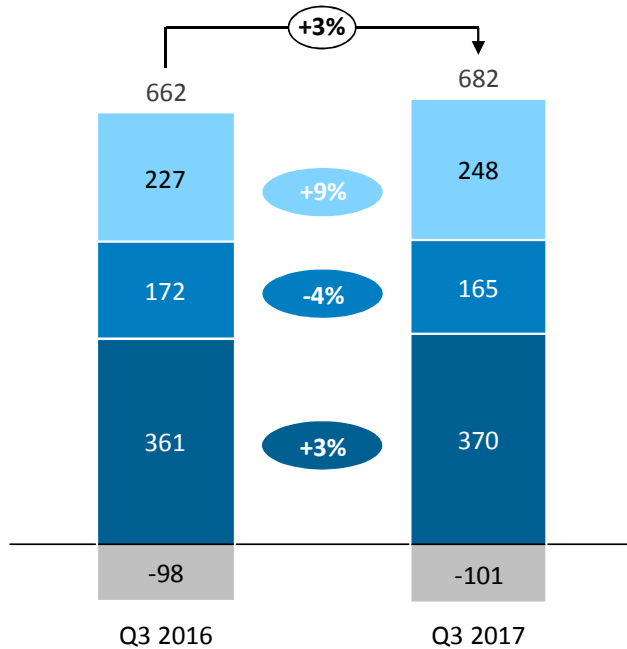
#### Comments on quarterly performance

- Strong increase of German orders (i.e. vehicles and ammunition)
- Moderate sales growth of 3% as anticipated
- Profitability improved materially, supported mainly by Vehicle Systems
- Cash flow impacted by working capital build up

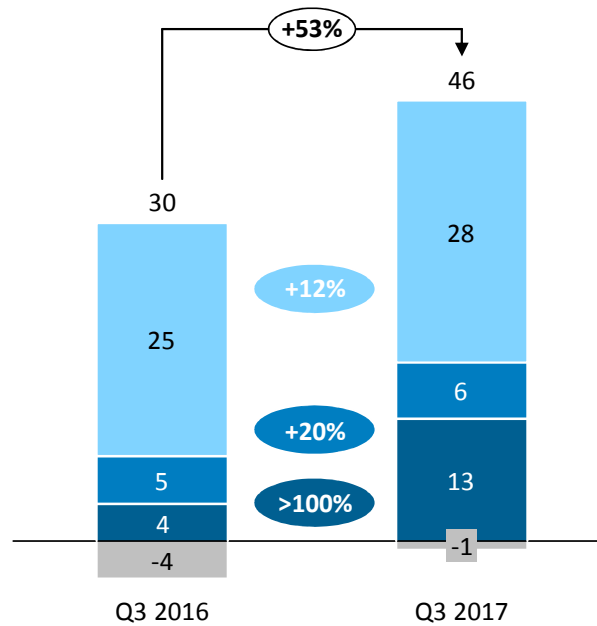
in EUR million	Q3 2016	Q3 2017	Δ %	9m 2016	9m 2017	Δ %
Order intake	574	870	51.6%	2,325	2,292	-1.4%
Sales	662	682	3.0%	1,912	2,025	5.9%
Operating result	30	46	53.2%	32	60	88.9%
Operating margin in %	4.5	6.7	220 bp	1.7	3.0	130 bp
EBIT	30	46	53.8%	32	57	79.2%
Operating Free Cash Flow	5	- 52	n.a.	- 216	- 157	27.3%
Operating FCF / Sales in %	0.8	- 7.6	-838 bp	- 11.3	- 7.8	354 bp

# Operational strength in Vehicle Systems as well as Weapon and Ammunition

**Sales Defence**  
in EUR million



**Operating results Defence**  
in EUR million



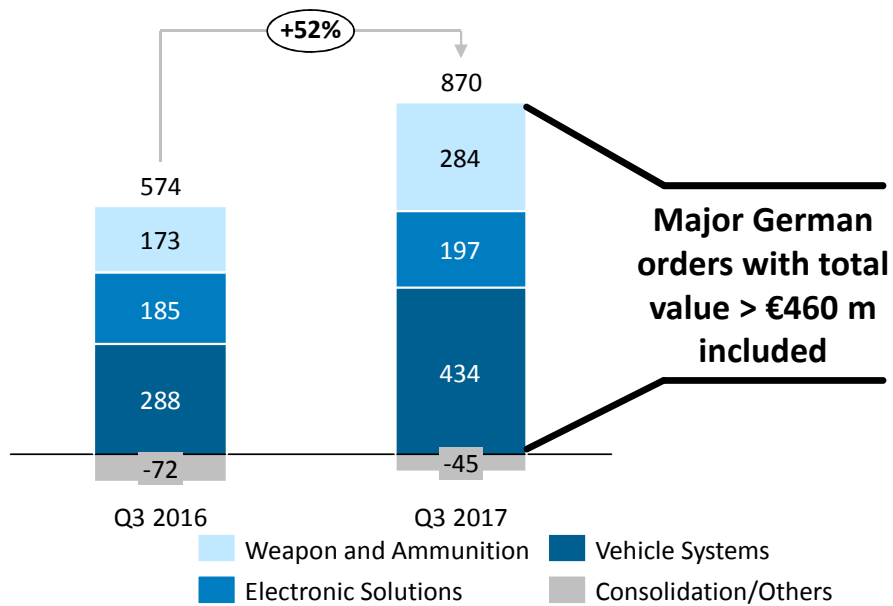
**Reasons for result development**

- Weapon and Ammunition**
  - Good sales development leads to higher earnings
- Electronic Solutions**
  - Stable results development despite softer sales
- Vehicle Systems**
  - Sales driven by high order execution in tactical and logistical vehicles

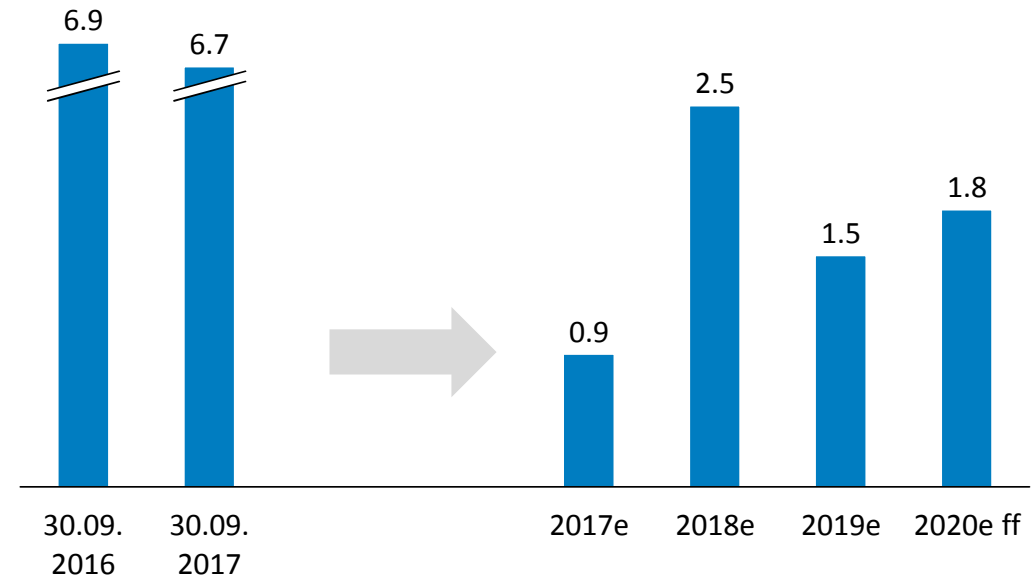
■ Weapon a. Ammunition    ■ Vehicle Systems  
■ Electronic Solutions    ■ Consolidation/Others

## German contracts essential for high order intake in Q3

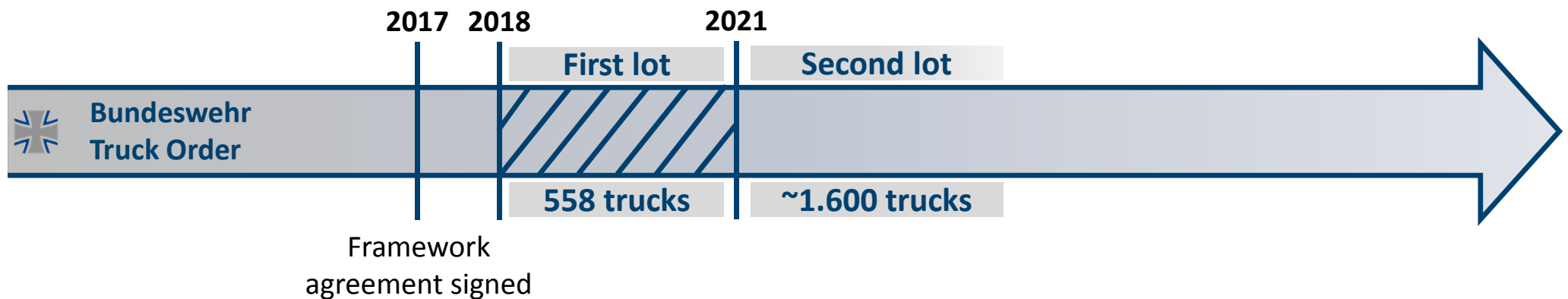
**Order intake by division**  
in EUR million



**Order backlog profile**  
in EUR billion



## Rheinmetall will modernize German logistical fleet





### ■ Framework agreement

- HX2 family replaces the existing fleet of military trucks
- Net value: €760 m for ~2.200 vehicles
- First lot delivered between 2018-21
- Second lot delivery schedule yet to be specified



# Outlook

## Guidance affirmed for 2017

	 <b>AUTOMOTIVE</b>	<b>DEFENCE</b> 
<b>Macro view</b>	<ul style="list-style-type: none"> <li>▪ <b>Global</b> LV production growth <b>~2%*</b></li> <li>▪ <b>Chinese</b> LV production growth <b>~1%</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Further <b>demand increase</b> in key markets</li> <li>▪ Germany and other allies have <b>stepped up investment budgets</b></li> </ul>
<b>Rheinmetall</b>	<ul style="list-style-type: none"> <li>▪ Automotive expected to <b>outperform markets</b></li> <li>▪ Important step of cost base improvement achieved with closure of French piston production</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Strong back end loading</b> of Defence performance</li> <li>▪ <b>Single digit</b> sales growth expected for 2017</li> <li>▪ <b>Stronger sales momentum 2018</b></li> </ul>
<b>Updated Outlook 2017</b>	<p><b>Sales growth expected at the upper range of the guidance of 6-7% and operating margin level confirmed around 8.4%</b></p>	<p><b>Sales growth expected at the lower range of the guidance of 5-6% and operating margin at upper end of the guidance of 5-5.5%</b></p>
<p><b>Group expected to grow around 6% at an operating margin slightly above 6.5% incl. efforts for New Technologies</b></p>		

\*Source: IHS October 2017



# Corporate Presentation: **Rheinmetall Automotive**

# Automotive with leading technology and market positions

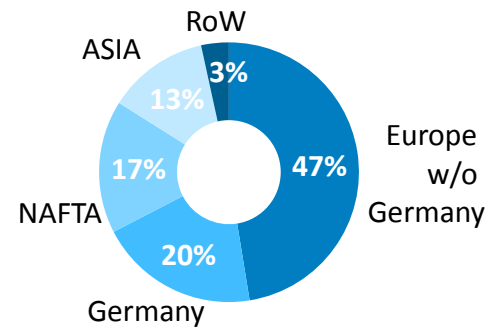
## Key Figures

Sales:	€2.7 bn
EBIT:	€223 m
EBIT margin:	8.4%
R&D:	€74 m
Capex:	€149 m
Headcount:	10.820

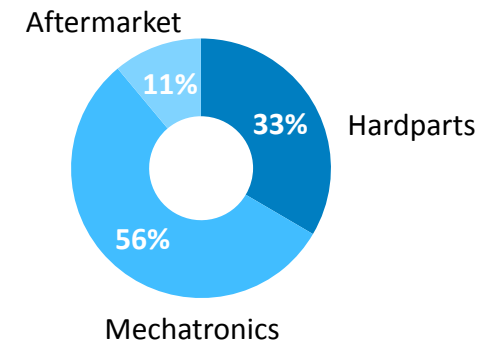
## Structure

Hardparts	
Pistons	Large-bore Pistons
Bearings	Castings
Mechatronics	
Pump Technology	Automotive Emission Systems
Solenoid Valves	Commercial Diesel Systems
Acuators	
Aftermarket	

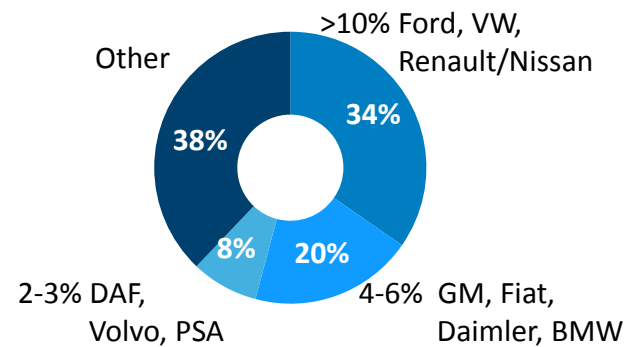
## Sales by region



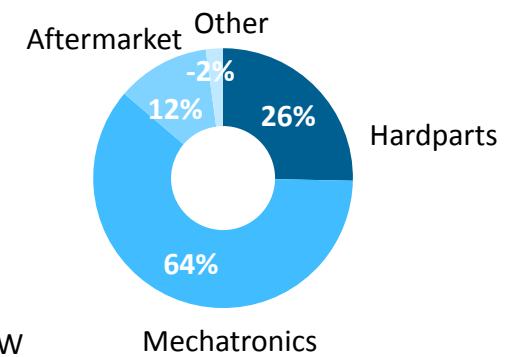
## Sales by division



## Sales by customer



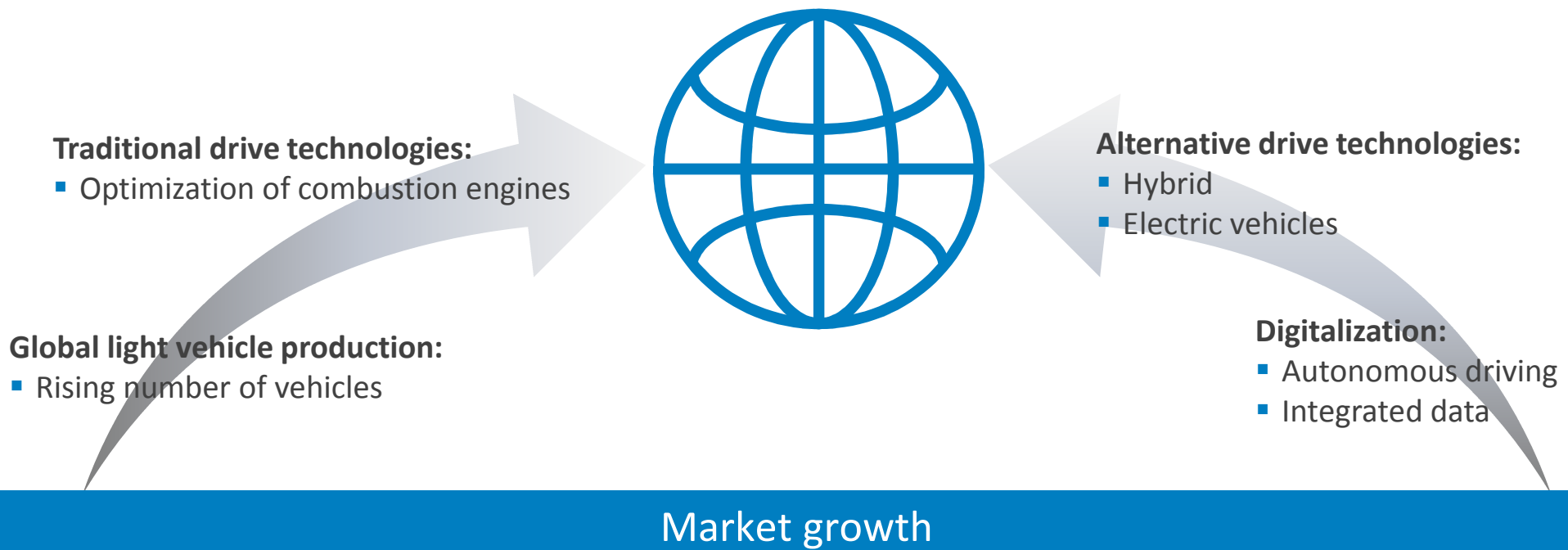
## EBIT by division



All figures refer to FY 2016

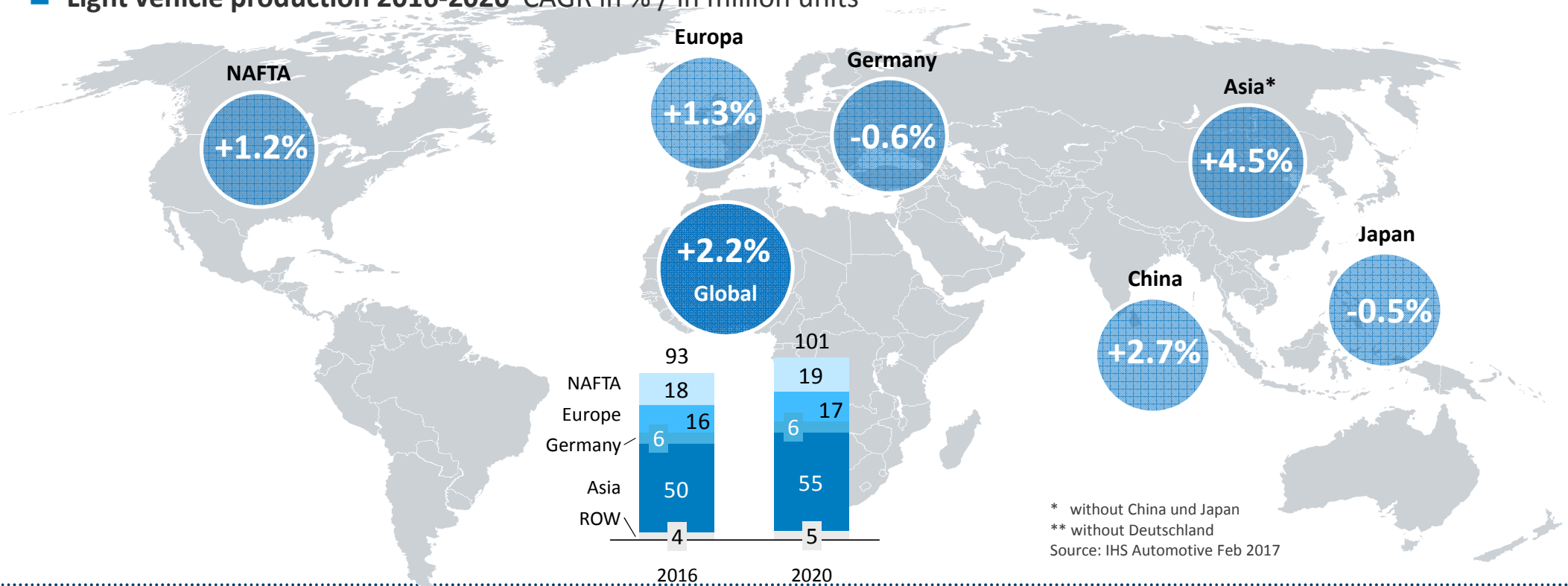


## Growing and changing markets



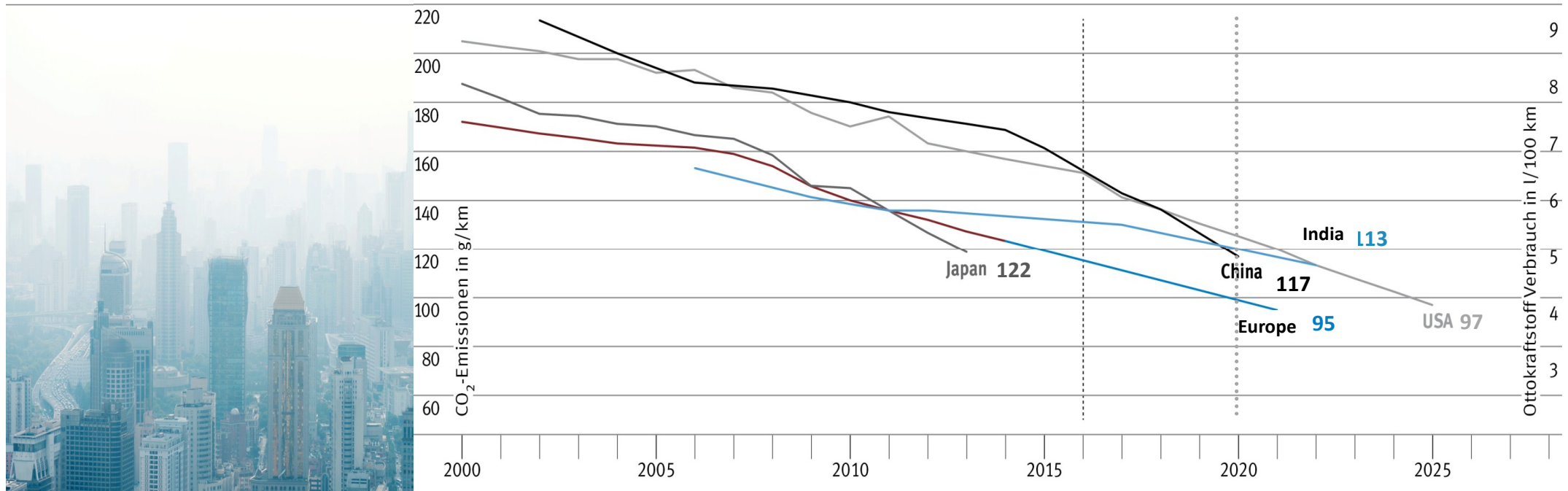
# Rising global light vehicle production

■ Light vehicle production 2016-2020 CAGR in % / in million units



# Governments will continue to demand reduction of CO<sub>2</sub> emissions

■ CO<sub>2</sub> emission in g/km

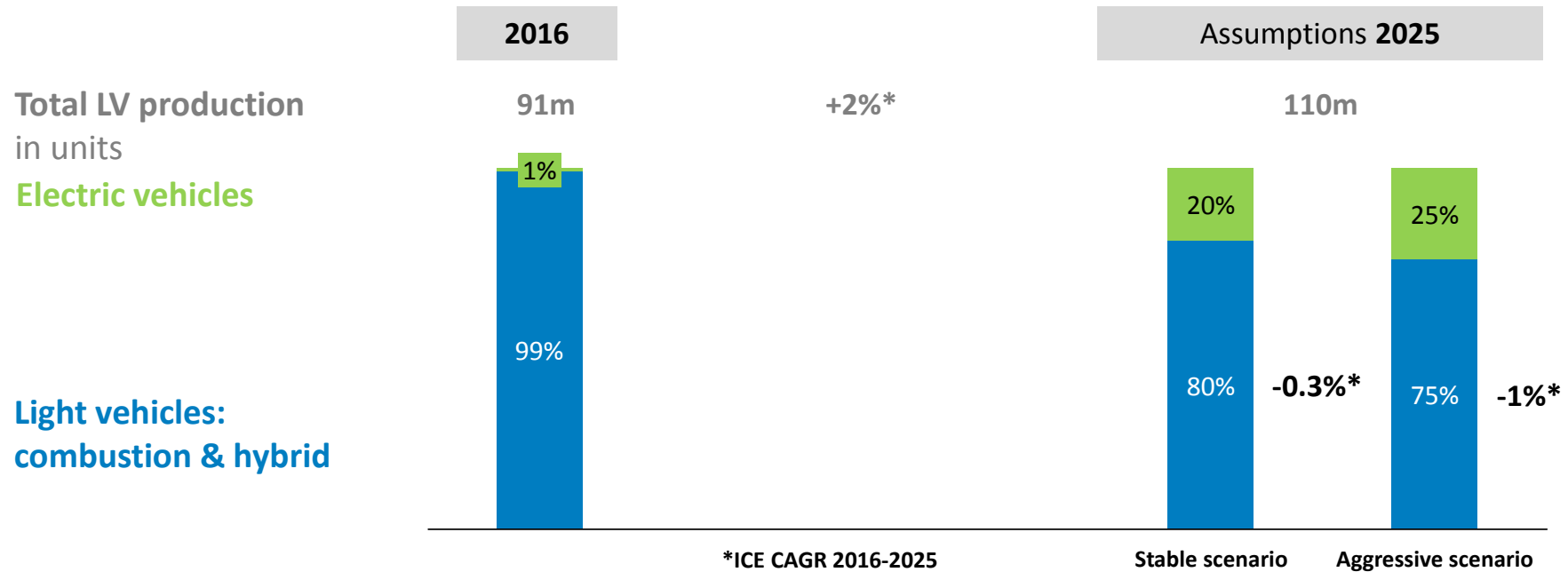


\*Note that Japan has already exceeded its 2020 statutory target, as of 2013

Source: ICCT

# Electric drive will not replace combustion engines until 2025

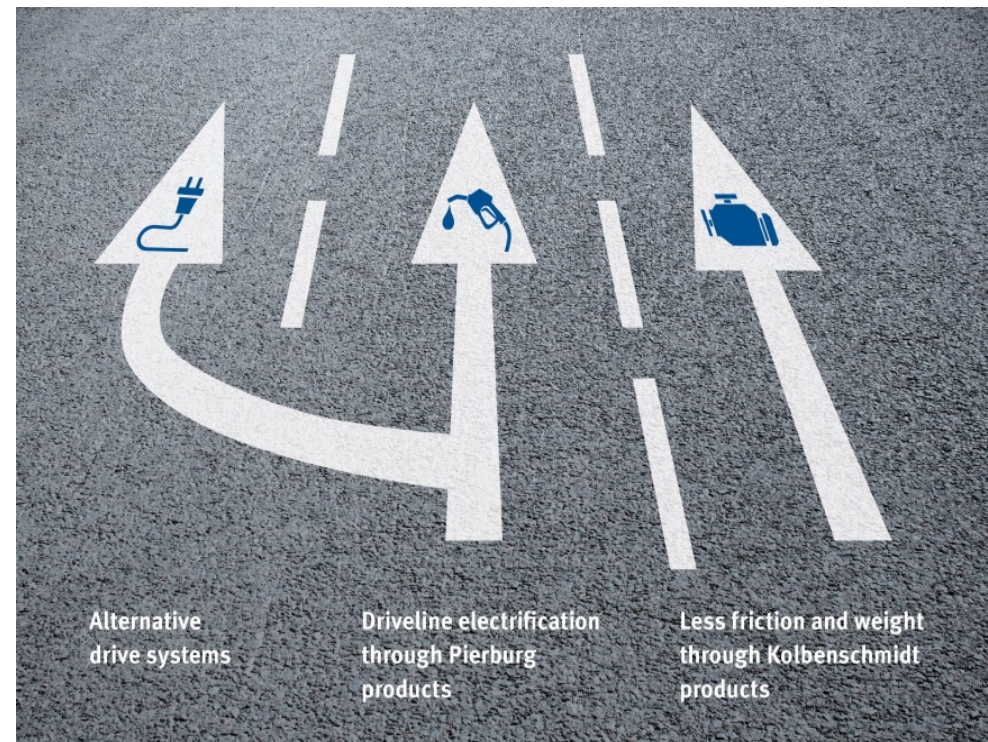
■ **Market share development**  
in % of total LV production



Source: IHS Automotive (September 2016), own estimates

## Rheinmetall Automotive is well-prepared for the challenges of tomorrow

- **Importance of internal combustion engines:**
  - Basis for the majority of vehicles
  - For cars built with hybrid system technologies
  - For commercial and off-road vehicles (for the long-term)
- **Alternative drive systems:**
  - Increasing share of hybrids, electric vehicles, and fuel-cell
- **Innovative solutions for future drive systems:**
  - Demonstrator for electric drive and battery systems
  - Electrified pumps
  - E-engine housing and battery boxes
  - Thermal Management
  - Fuel-cell Components



## Strategic goals of Rheinmetall Automotive

### Strategic goals

#### Increasing content per car

- More products at higher value as emission reduction, hybridization and electrification will require innovative solutions

#### Optimizing global footprint

- Further internationalization of our Mechatronics business
- Continuously focus capacity management, especially in Hardparts



#### Gaining powertrain neutrality

- Minimize dependence on certain types of drives
- Increase “electrified products” to around 50% sales share by 2020

# Solutions for combustion engines to reduce NO<sub>x</sub>- and CO<sub>2</sub>- emissions



Description vehicle model  
(Basis)

1.4L 4-cylinder gasoline engine  
with DI-injection and single-  
stage turbocharging (115kW)

130 g  
CO<sub>2</sub>/km  
2015



95 g  
CO<sub>2</sub>/km  
2020



**Rheinmetall Automotive:**  
Innovative products will lead to  
higher value per car

-1 g CO<sub>2</sub>/km

Variable oil pump

-3 g CO<sub>2</sub>/km

Tribo-system

-3 g CO<sub>2</sub>/km

Var. cool. pump

-7 g CO<sub>2</sub>/km

Var. valve train

-2 g CO<sub>2</sub>/km

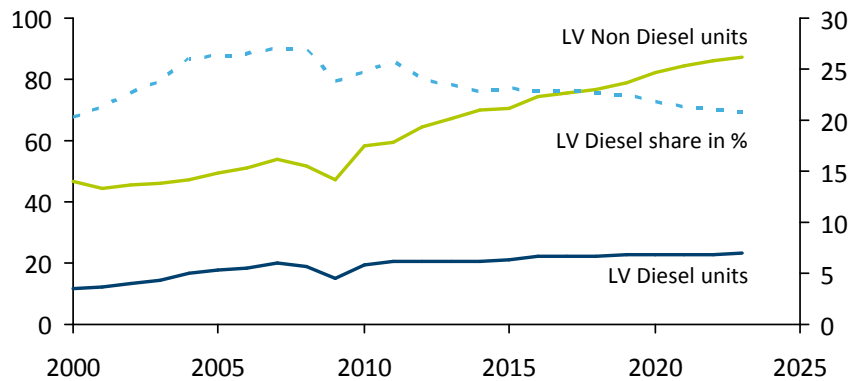
El. low-press. EGR

-2g CO<sub>2</sub>/km

Light-weight structural parts

## LV Diesel exposure limited; powertrain independence is the strategic target

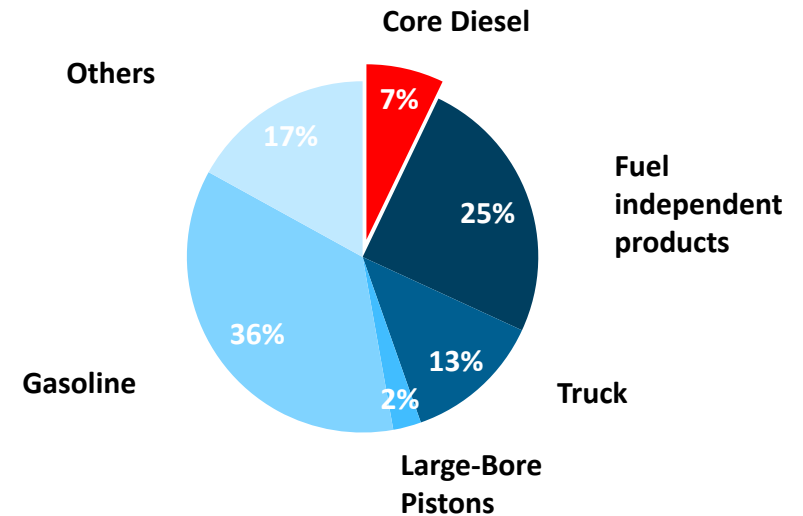
### ■ Combined global engine production forecast\*



### ■ Further regulatory pressure expected

- 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\*\*



**Positive short term effect, driven by OEM's effort to reduce emissions and to avoid penalties**

\* IHS: Combined Engine Production Forecast April 2017

\*\* Rheinmetall Automotive sales FY 2016

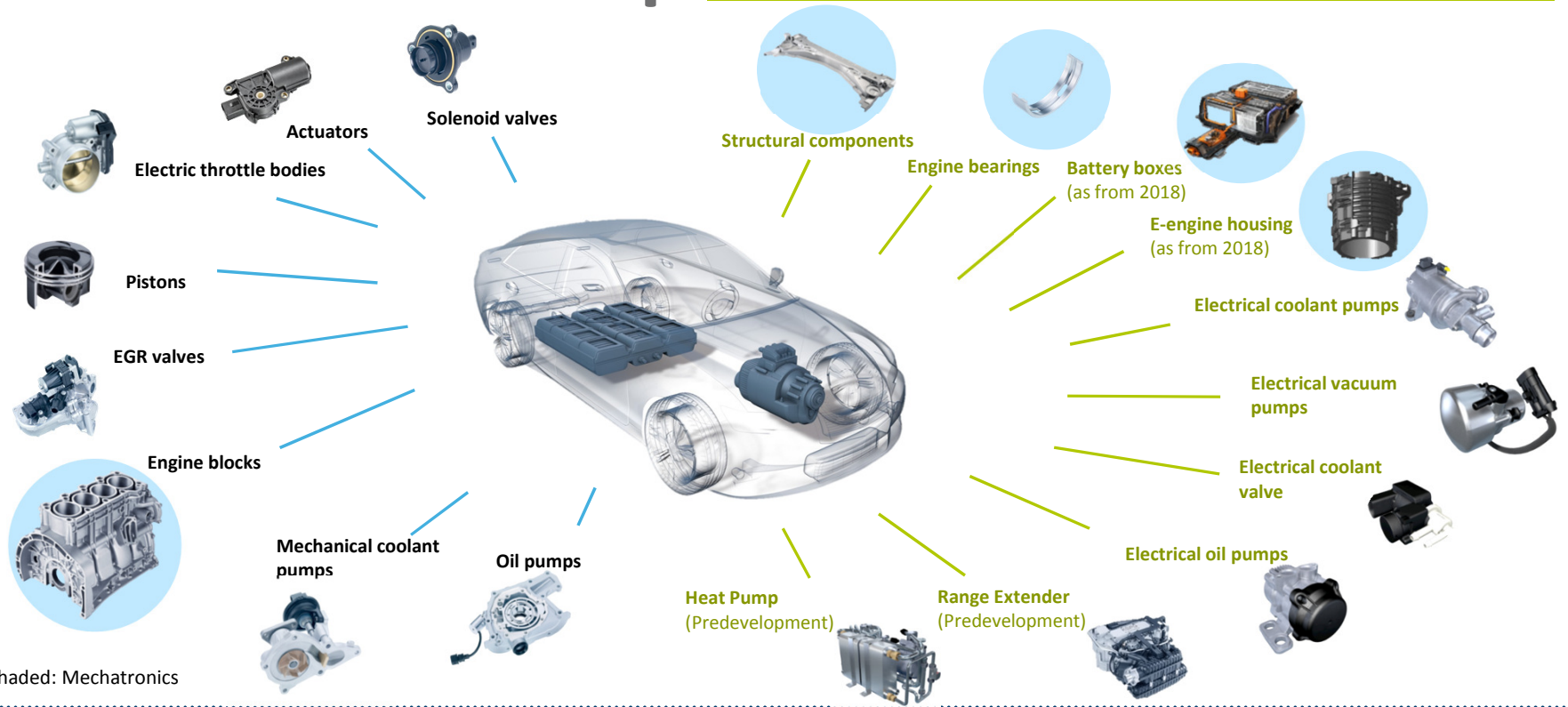


# Broad product range for alternative drive systems

Enlarging the traditional product portfolio for combustion engines ...



... by products for hybrid and electric engines



## E-mobility competence underlined by contracts and by initiatives for new solutions

### ■ Contract volume for electric vehicles (EV)\*

Product	Volume	Contract duration (∅)
Battery EV	€~300 m	6 – 8 years
(Plugin) Hybrid EV	€~200 m	4 – 8 years

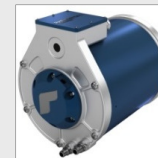
### ■ E-mobility competencies

- Thermo-management, including pump and valve technology
- Know-how in aluminum die-casting, e.g. for engine housings and battery packs
- Long term in-house e-motor competence
- Well-established market access to OEMs

\* Rheinmetall Automotive and Joint Ventures

### ■ New products for the International Motor Show (IAA) in Frankfurt, September 2017:

#### E-traction motor



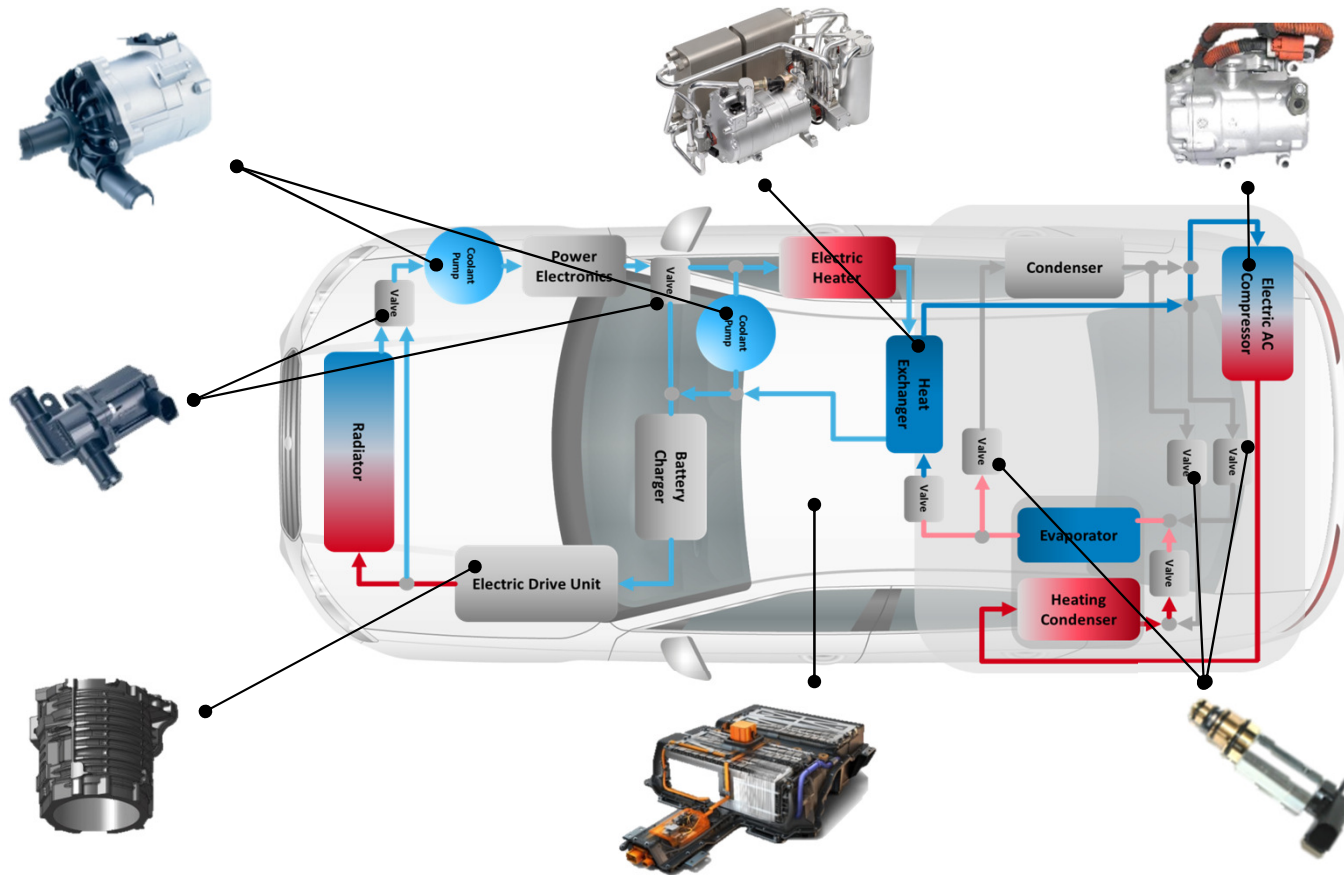
- High voltage motor
- Designed for smaller sized vehicles, but scalable in size

#### Modular battery pack



- Underfloor design with advantages for weight and space distribution
- Aluminum structure, protected with a composite-fiber structure developed by Rheinmetall Defence
- Integrated thermo-management

## Complexity of e-engines creates potential for further applications



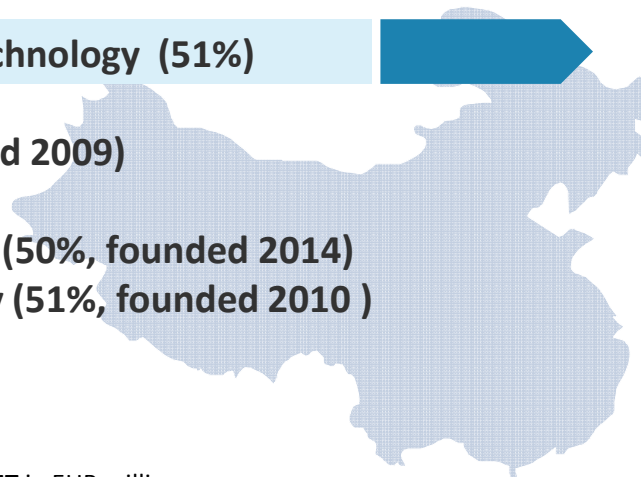
Efficient distribution of heating and cooling requires innovative pump technology

- Drive Unit Circuit
- Thermal management circuit – heating, ventilation, interior temperature control

## Automotive network in China - Mechatronics

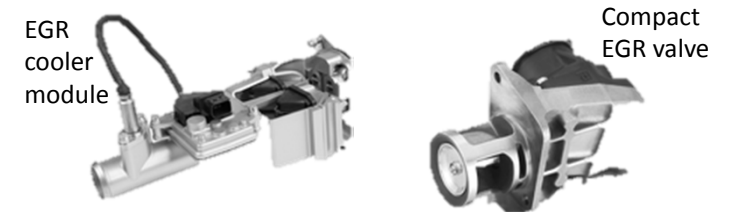
### Multi-channel approach of Mechatronics in China:

- **New: Pierburg Yinlun Emission Technology (51%)**
- **Pierburg China Ltd. (100%, founded 2009)**
- **Pierburg Huayu Pump Technology (50%, founded 2014)**
- **Pierburg Mikuni Pump Technology (51%, founded 2010)**



### Joint venture for the production of modules for cooled exhaust-gas recirculation

- Headquarter: Shanghai region
- Customers: Chinese market
- Founded: December 2016

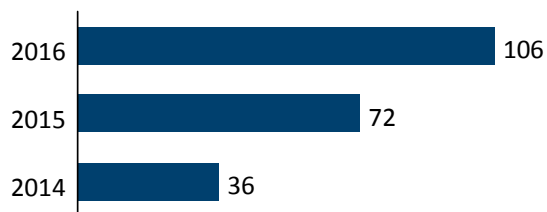


### Partner: Zhejiang Yinlun Machinery Co.

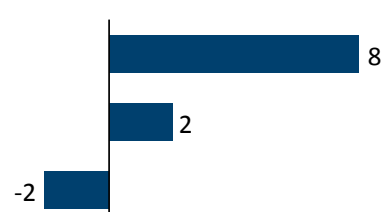
- Leading manufacturer of automobile radiators in China, renowned brand
- Production of heat exchangers and components for emission reduction
- Sales 2016: CNY3.2 bn\* (~EUR400 m)

\* Source: Bloomberg

**Mechatronics in China**  
Sales in EUR million



EBIT in EUR million



## Summary:

# Automotive is well prepared

### Markets and Customers:

- We expect a stable market with moderate growth rates in the medium term
- China will be the growth driver; Europe and NAFTA might weaken
- Brazil seems to have left the worse behind



### Performance and Products:

- Mechatronics will be the growth driver in the next years
- Hardparts will streamline the global footprint to optimize assets and cost structure
- Aftermarket will return to former profitability after ramp-up own production facilities



### New Mobility Concepts:

- Hybrid cars and e-cars offer chances for new products and higher content per car
- Refocus of R&D spending to enlarge the product portfolio
- Product pipelines are filled for every type of power trains in the coming years





## Corporate presentation: **Rheinmetall Defence**

# Defence is a leading supplier with an increasing international presence

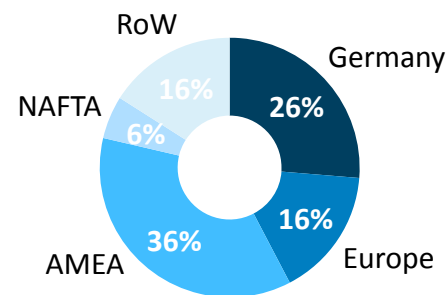
## Key Figures

Sales:	€2.9 bn
EBIT:	€147 m
EBIT margin:	4.9%
R&D:	€184 m
Capex:	€95 m
Headcount:	10,002

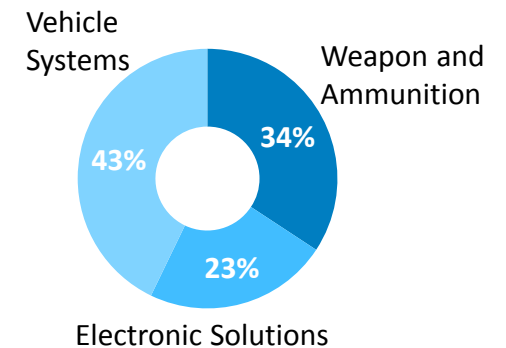
## Structure

Weapon and Ammunition	
Weapon and Ammunition	Protection Systems
Propulsion Systems	
Electronic Solutions	
Air Defence & Radar Systems	Mission Equipment
Simulation and Training	Technical Publications
Vehicle Systems	
Logistic Vehicles	Tactical Vehicles

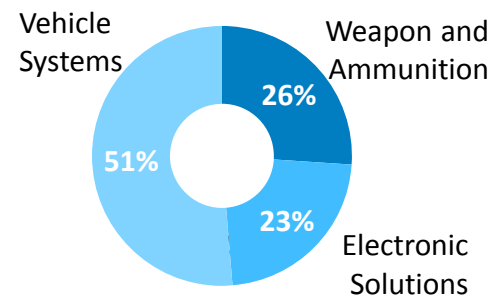
## Sales by region



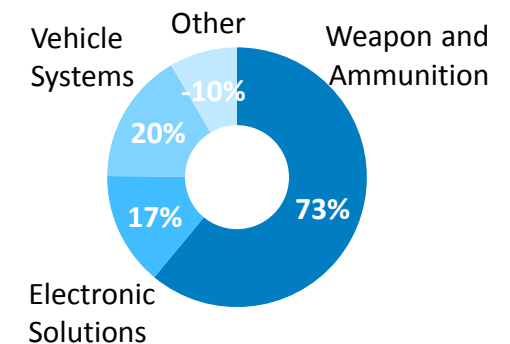
## Sales by division



## Order backlog by division



## EBIT by division

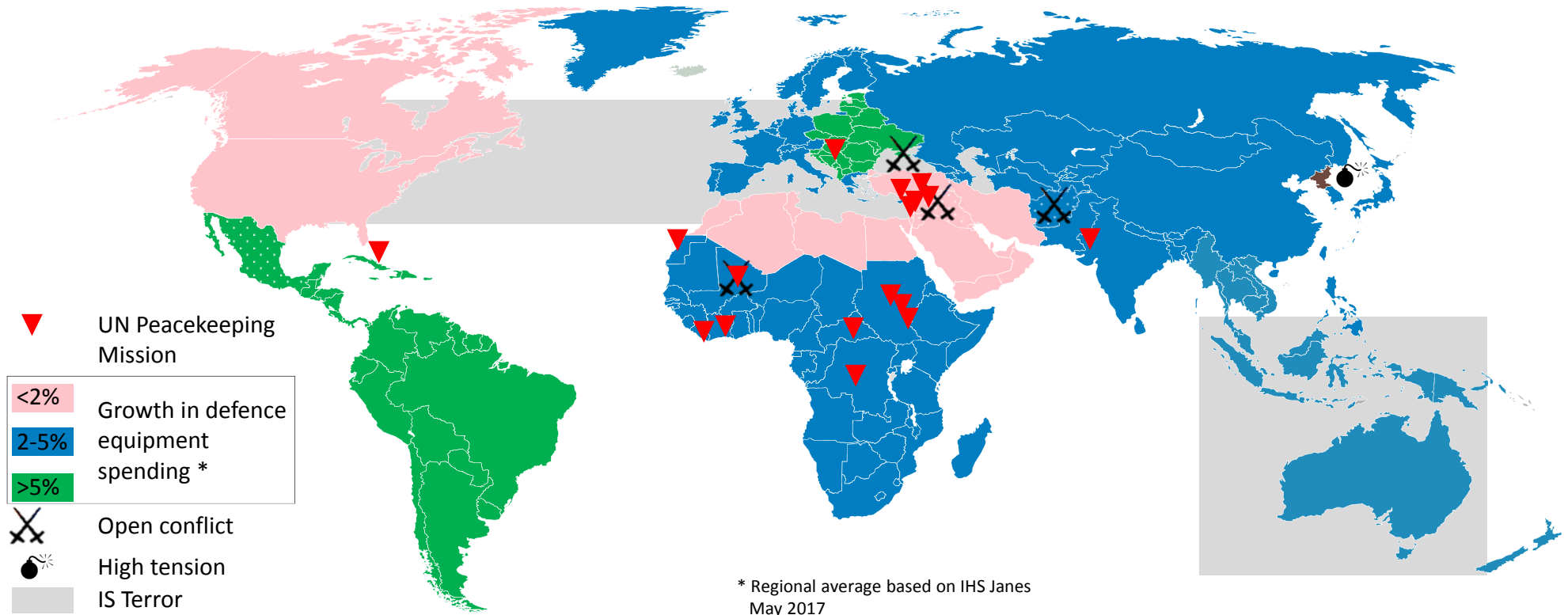


## Growing and changing markets



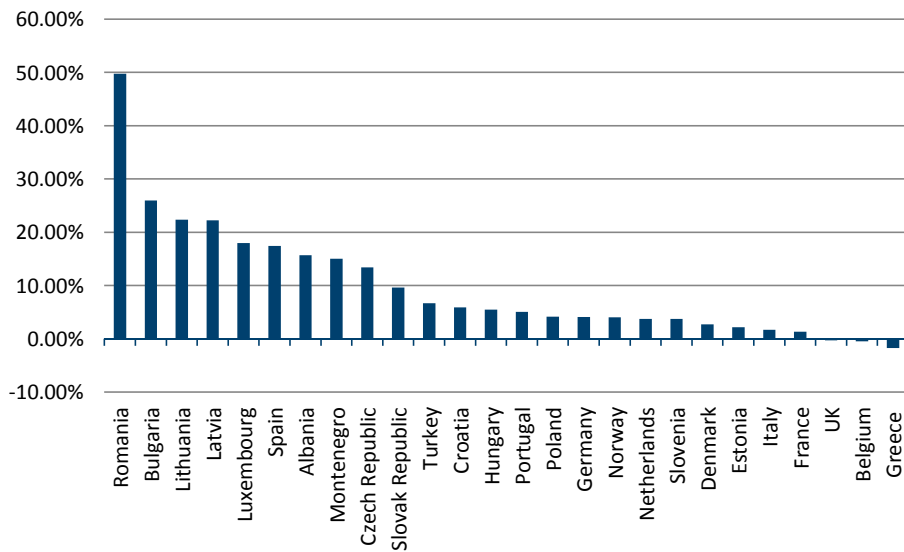


# Deterioration of global security triggers higher defence spending

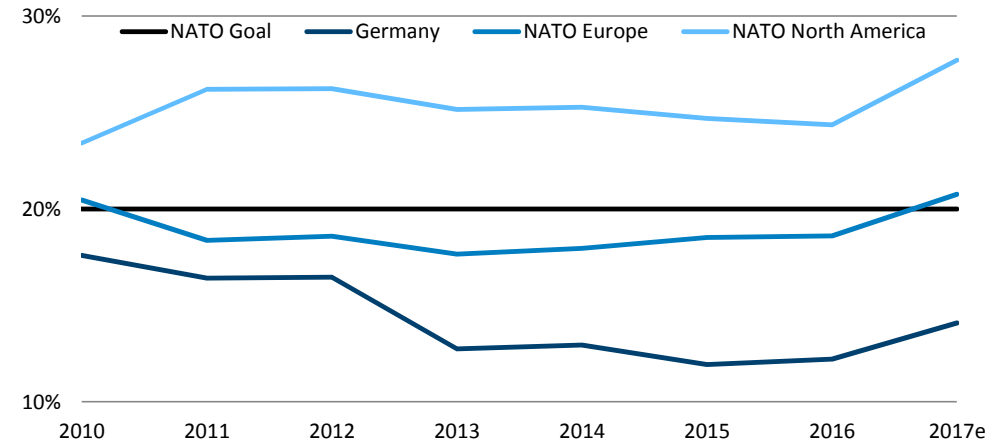


## EU member states en route to comply with NATO 2% target

■ Europe: Defence budget development in % 2017e\*



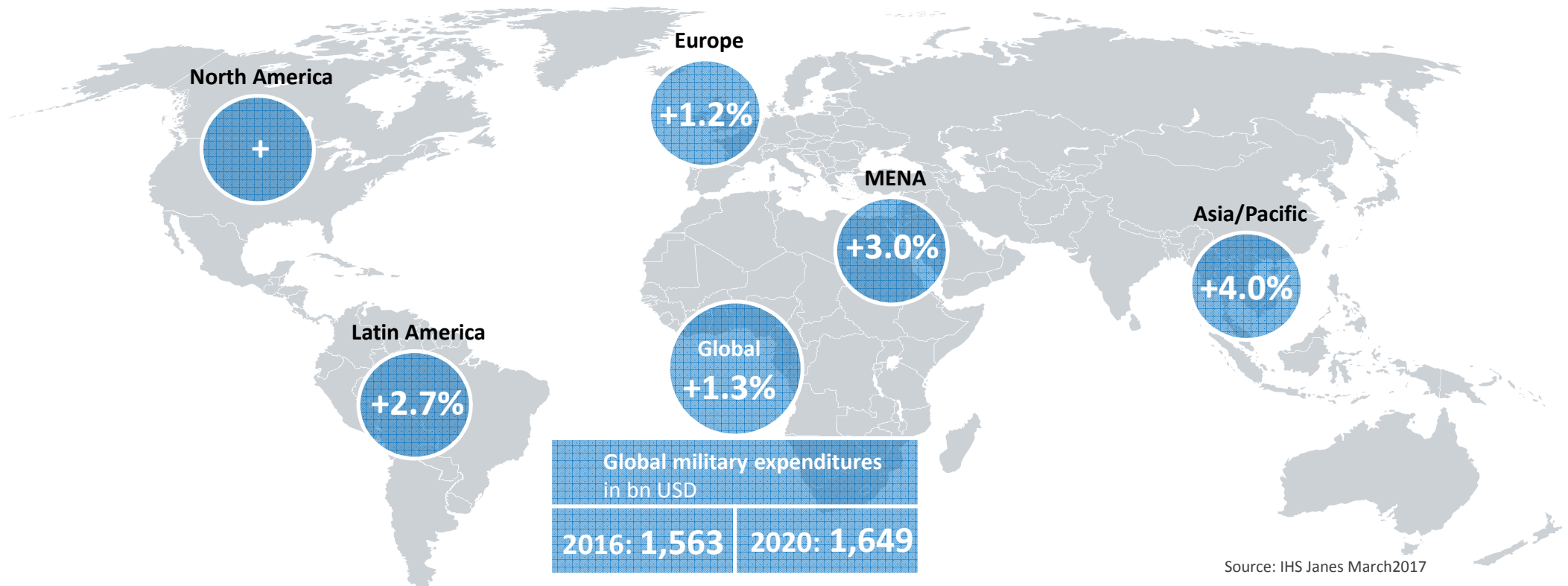
■ NATO equipment expenditure in % of total expenditure \*



\* NATO 06/2017: Equipment expenditure as a share of defence expenditure based on 2010 prices and currencies

# Defence is at the beginning of long lasting market growth

■ Defence budgets development 2016 – 2020 in % p.a.



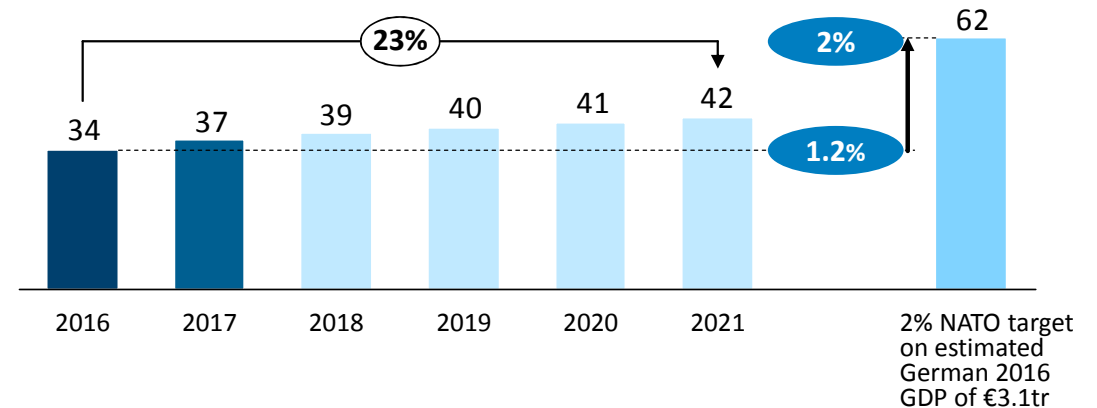
Source: IHS Janes March2017

## Germany is one of 22 NATO states increasing defence budgets

### ■ Enhanced future profile of German Bundeswehr

- “Anchor army” for smaller neighbors
- Leading role in the “enhanced Forward Presence” in Lithuania
- Framework nation in the “Very High Readiness Joint Task Force” as of 2019
- Increasing number of international mandates, e.g. Mali

### ■ German defence budget 2016-2021 in EUR billion\*



## Strategic goals of Rheinmetall Defence

### Strategic goals

#### Benefiting from home markets

- Business opportunities by increasing budgets in Germany and neighboring countries

#### Entering new markets

- Strategic partnerships to gain access to new markets
- Target markets close to traditional markets, e.g. public security



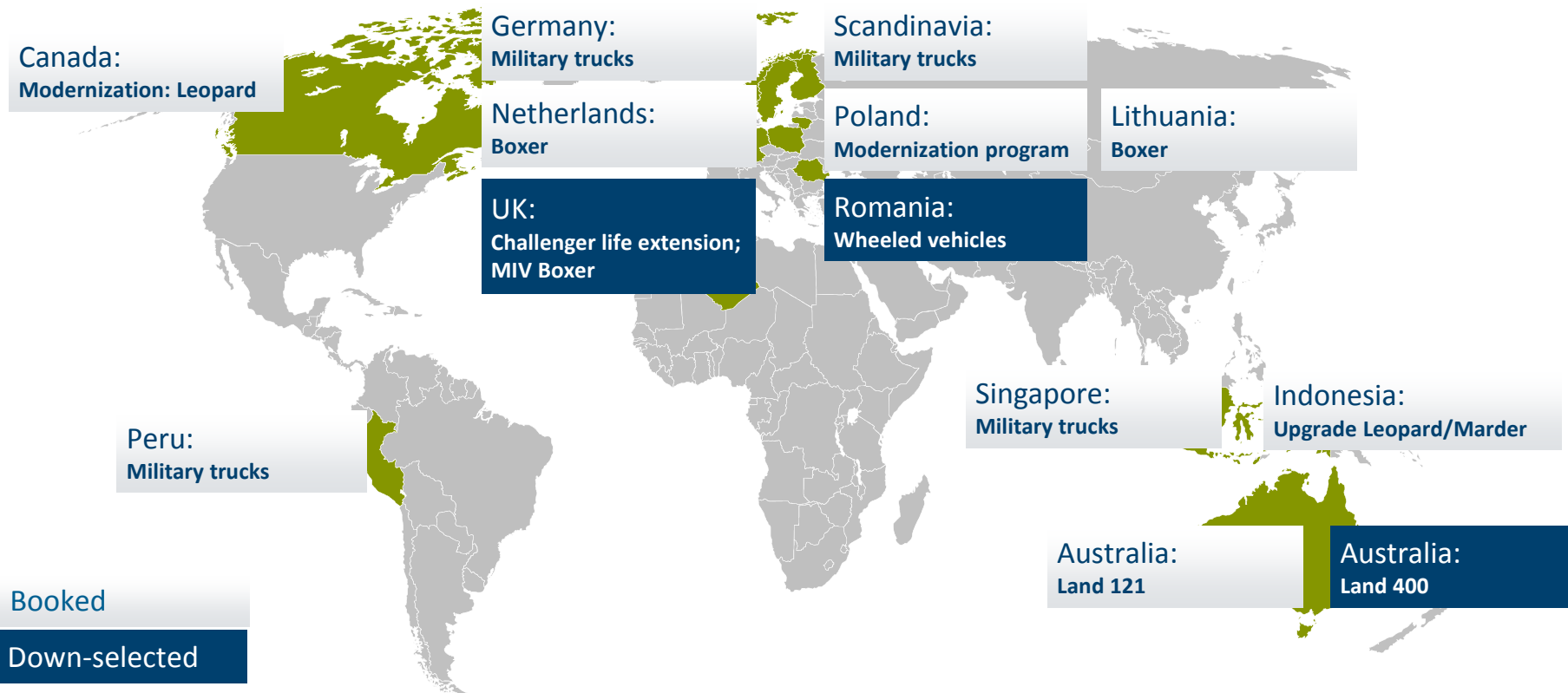
#### Enlarging internationalization

- Form partnerships with local suppliers to provide local content

#### Creating innovations

- Armored vehicles and their weapons
- New technologies, e.g. laser technology
- IT-based networking

## Down-selection in major programs



## Strategic partnerships create business potential for Weapon and Ammunition



### United States, Defense Munitions International (DMI)

- 50:50-JV with General Dynamics Ordnance and Tactical Systems

### New: United States RDZM

- 50:50-JV with Day & Zimmermann (RDZM)
- State-of-the-art ammunition for the US market

### United Kingdom

- Partnering agreements with Defence Equipment and Support (DE&S) and with BAE Systems

### Netherlands

- Partnering agreement

### New: Germany

- Partnering agreement with German government on a regular supply of large- and medium-ammunition

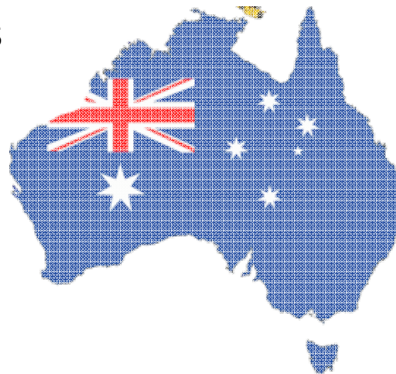
## Various opportunities in Australia

### AUSTRALIA

#### ■ Australian Defence Programs

##### Land 121 5b (Australian trucks)

- Customer is finalizing vehicle specifications
- New offer under preparation
- Tender process design not yet decided



##### Land 400 (Australian Boxer)

- Trials completed to our full satisfaction
- Best and final offer to be presented in August
- Decision expected H1 2018

#### ■ Investments and possible CAPEX

##### Equity investment in Supashock

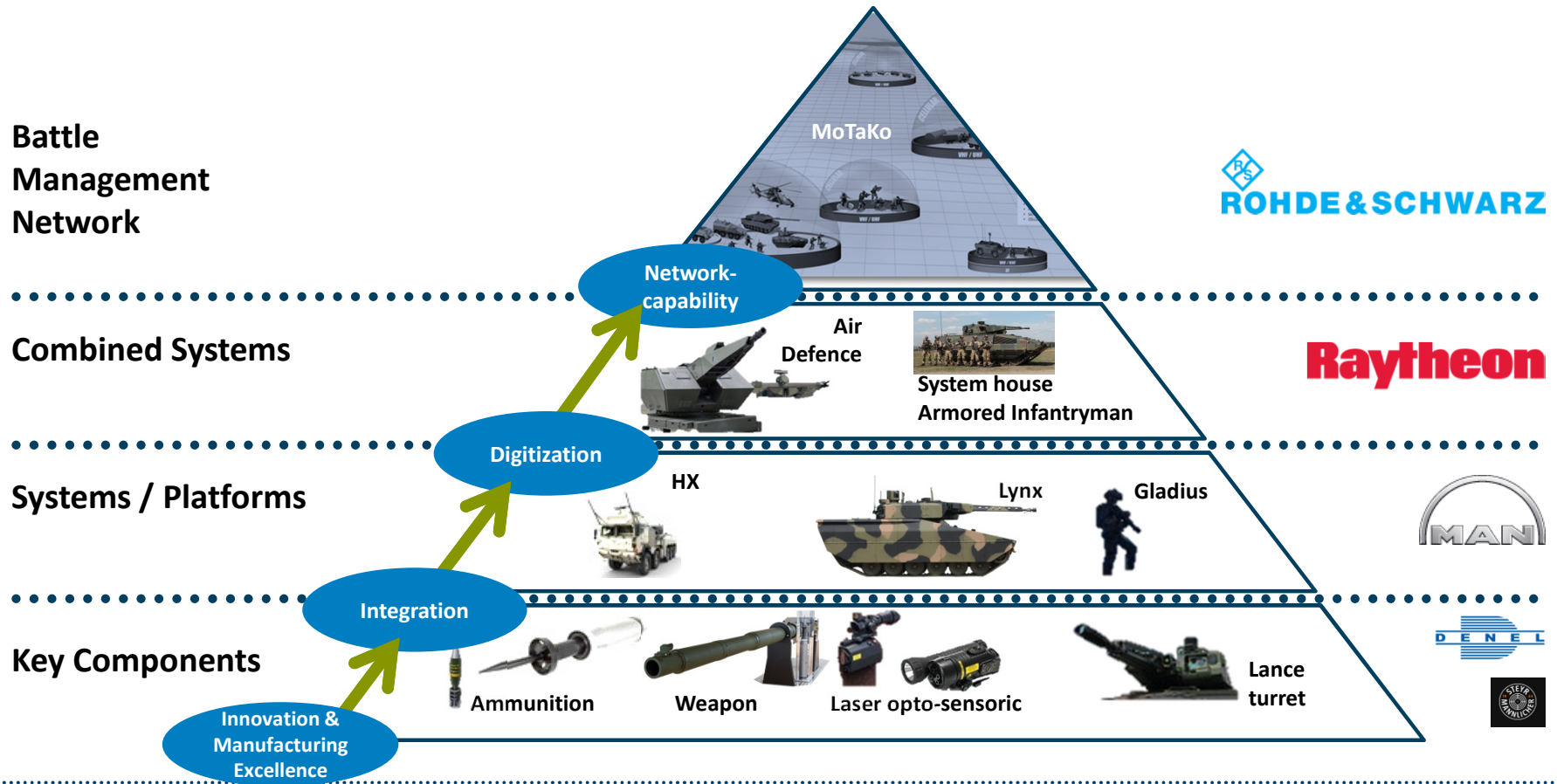
- Acquisition of 49% equity stake in Supashock
- Target: Integration of Australian technology in tactical and logistical vehicles

##### Queensland selected as industrial base




- Subject to acquisition of the Land 400 order, Rheinmetall and Queensland agreed on joint investment approach
- Potential creation of 400-500 jobs



# Rheinmetall integrates components to systems



## Three major partnering agreements mark next step for potential growth

			
<b>Objective</b>	<ul style="list-style-type: none"> <li>▪ Bid for the planned rifle procurement of the Bundeswehr</li> <li>▪ Plan: Technology partnership with 60% value creation in Germany</li> </ul>	<p>Potential areas of cooperation:</p> <ul style="list-style-type: none"> <li>▪ Air defence (Patriot-replacement)</li> <li>▪ Weapon &amp; Munition</li> <li>▪ Combat vehicles</li> <li>▪ Training</li> <li>▪ Cyber security</li> </ul>	<p>Future digital communication and battle management system of the German ground forces:</p> <ul style="list-style-type: none"> <li>▪ MoTaKo</li> <li>▪ MoTIV</li> </ul>
<b>Status</b>	<p>Cooperation agreement January 2017</p>	<ul style="list-style-type: none"> <li>▪ Signing of “Strategic collaboration agreement” end of June with defined work share*</li> <li>▪ Exclusivity for German market</li> </ul>	<p>Joint Venture agreement August 2017</p>
<b>Update</b>	<ul style="list-style-type: none"> <li>▪ Trials have started after submission of documents for special forces tender</li> <li>▪ Tender for general assault rifle still open</li> </ul>	<ul style="list-style-type: none"> <li>▪ Further work groups assess additional fields of collaboration</li> </ul> <p><small>*Tactical air defence systems and close /close-by range ballistic systems</small></p>	<ul style="list-style-type: none"> <li>▪ Invite additional partners</li> </ul>



## Corporate Presentation: **Appendix**

## Selected key data: outlook 2017

Rheinmetall Group		Automotive	Defence
Holding cost	~€20 – 25 m	Capex*	~3 - 4%
Tax rate	~30%	D & A*	~3 - 3.5%
		R & D*	~2 - 3%
Financing:	<ul style="list-style-type: none"> <li>▪ Bond €500 m (5.25% coupon) redeemed in September 2017</li> <li>▪ EIB loan €250 m (0.962% coupon) maturing in August 2023</li> </ul>		
Rating:	<ul style="list-style-type: none"> <li>▪ Ba1 (positive outlook) Moody's</li> </ul>		

\* as percentage of sales

## Group 2012 – 2016: Key figures

in EUR million		2012	2013	2014	2015	2016
<b>Balance sheet</b>	<b>Total assets</b>	4,899	4,866	5,271	5,730	<b>6,124</b>
	<b>Shareholder's equity</b>	1,465	1,339	1,197	1,562	<b>1,781</b>
	<b>Equity ratio (in %)</b>	29.9	27.5	22.7	27.3	<b>29.0</b>
	<b>Pension liabilities</b>	919	891	1,121	1,128	<b>1,186</b>
	<b>Net financial debt</b>	98	147	330	81	<b>-19</b>
	<b>Net gearing (in %)</b>	6.7	11.0	27.6	5.2	<b>1.1</b>
<b>Income statement</b>	<b>Sales</b>	4,704	4,417	4,688	5,183	<b>5,602</b>
	<b>Operating result</b>	268	211	160	287	<b>353</b>
	<b>Operating margin (in %)</b>	5.7	4.8	3.4	5.5	<b>6.3</b>
	<b>EBITDA</b>	490	315	299	490	<b>581</b>
	<b>EBIT</b>	296	121	102	287	<b>353</b>
	<b>EBIT margin (in %)</b>	6.3	2.7	2.2	5.5	<b>6.3</b>
	<b>EBT</b>	216	45	22	221	<b>299</b>
	<b>Net income after minorities</b>	173	29	18	151	<b>200</b>
	<b>Earnings per share (in EUR)</b>	4.55	0.75	0.47	3.88	<b>4.69</b>
	<b>Dividend per share (in EUR)</b>	1.80	0.40	0.30	1.10	<b>1.45</b>
	<b>ROCE (in %)</b>	11.5	4.7	3.9	10.1	<b>12.3</b>
<b>Cash flow statement</b>	<b>Free cash flow from operations</b>	125	20	-182	29	<b>161</b>
<b>Headcount</b>	<b>Employees (Dec 31) according to capacity</b>	21,767	20,264	20,166	20,676	<b>20,993</b>

2013 figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)

## Segments 2012 – 2016 Key figures

AUTOMOTIVE				
2012	2013	2014	2015	2016
2,378	2,270	2,466	<b>2,621</b>	<b>2,670</b>
418	392	416	<b>445</b>	<b>459</b>
2,369	2,262	2,448	<b>2,592</b>	<b>2,656</b>
139	158	184	<b>216</b>	<b>223</b>
5.9	7.0	7.5	<b>8.3</b>	<b>8.4</b>
243	225	295	<b>332</b>	<b>356</b>
139	124	184	<b>216</b>	<b>223</b>
5.9	5.5	7.5	<b>8.3</b>	<b>8.4</b>
148	142	158	<b>167</b>	<b>174</b>
12,003	10,927	10,830	<b>10,934</b>	<b>10,820</b>
1,091	1,171	1,322	<b>1,450</b>	<b>1,527</b>
69	66	96	<b>119</b>	<b>142</b>
6.3	5.6	7.3	<b>8.1</b>	<b>9.3</b>
1,087	889	934	<b>952</b>	<b>921</b>
57	27	72	<b>73</b>	<b>62</b>
5.2	3.0	7.7	<b>7.7</b>	<b>6.7</b>
265	268	269	<b>285</b>	<b>305</b>
25	27	26	<b>27</b>	<b>27</b>
9.4	10.1	9.7	<b>9.5</b>	<b>8.9</b>

in EUR million		
Order intake		
Order backlog (Dec. 31)		
Sales		
Operating result		
Operating margin (in %)		
EBITDA		
EBIT		
EBIT margin (in %)		
Capex		
Employees (Dec 31) according to capacity		
Mechatronics	Sales	Weapon & Ammunition*
	EBIT	
	EBIT margin	
Hardparts	Sales	Electronic Solutions
	EBIT	
	EBIT margin	
Aftermarket	Sales	Vehicle Systems**
	EBIT	
	EBIT margin	

DEFENCE				
2012	2013	2014	2015	2016
2,933	3,339	2,812	<b>2,693</b>	<b>3,050</b>
4,987	6,050	6,516	<b>6,422</b>	<b>6,656</b>
2,335	2,155	2,240	<b>2,591</b>	<b>2,946</b>
146	60	-9	<b>90</b>	<b>147</b>
6.3	2.8	-0.4	<b>3.5</b>	<b>5.0</b>
262	96	17	<b>175</b>	<b>239</b>
173	4	-67	<b>90</b>	<b>147</b>
7.4	0.2	-3.0	<b>3.5</b>	<b>5.0</b>
90	62	76	<b>96</b>	<b>95</b>
9,623	9,193	9,184	<b>9,581</b>	<b>10,002</b>
1,136	1,027	977	<b>881</b>	<b>1,112</b>
102	31	-4	<b>74</b>	<b>108</b>
9.0	3.0	-0.4	<b>8.4</b>	<b>9.7</b>
748	710	705	<b>759</b>	<b>745</b>
97	11	-53	<b>26</b>	<b>25</b>
13.0	1.5	-7.5	<b>3.4</b>	<b>3.4</b>
567	539	667	<b>1,195</b>	<b>1,392</b>
-25	-35	-9	<b>3</b>	<b>29</b>
-4.4	-6.5	-1.4	<b>0.3</b>	<b>2.1</b>

2013 figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)

## Income statement Group

In EUR million			Income Statement					
	Q3 '16	Q3 '17	Δ		Q3 '16	Q3 '17	Δ	
<b>Total operating performance</b>	<b>1,385</b>	<b>1,407</b>	<b>22</b>	→	<b>Net operating income (EBIT)</b>	<b>79</b>	<b>75</b>	<b>-4</b>
					Net interest income	1	3	2
					Interest expenses	- 15	- 13	2
Other operating income	26	19	-7		<b>Earnings before tax (EBT)</b>	<b>65</b>	<b>65</b>	<b>0</b>
Cost of materials	774	730	-44		Income tax	- 19	- 22	-3
Personnel expenses	346	384	38		<b>Net income</b>	<b>46</b>	<b>43</b>	<b>-3</b>
Amortization, depreciation and imp	52	59	7		of which:			
Other operating expenses	164	179	15		Minority interest	4	7	3
Income from companies carried at €	6	7	1		Rheinmetall shareholders	42	36	-6
Other financial results	- 2	- 6	-4					
<b>Net operating income</b>	<b>79</b>	<b>75</b>	<b>-4</b>		<b>EBITDA</b>	<b>131</b>	<b>134</b>	<b>3</b>

# Cash flow statement Group

In EUR million

## Cash Flow Statement

	9m 2016	9m 2017	Δ		9m 2016	9m 2017	Δ
<b>Net Income</b>	<b>99</b>	<b>122</b>	<b>23</b>				
Amortization, depreciation and impairment	161	171	10				
Dotation of CTA	-30	-30	0				
Changes in pension provisions	1	-6	-7				
Income from disposal of non-current assets	0	0	0				
Changes in other provisions	43	80	37				
Changes in inventories	-174	-142	32				
Changes in receivables, liabilities(w/o financial debts) and prepaid & deferred items	-217	-201	16				
Pro rata income from investmenst carried at equity	-18	-12	6				
Dividends received from investments carried at equity	8	3	-5				
Other non-cash expenses and income	-1	-5	-4				
<b>Cash flows from operating activities</b>	<b>-128</b>	<b>-20</b>	<b>108</b>				
Investments in assets	-174	-155	19				
Cash receipts from the disposal of assets	1	2	1				
Payments for the purchase of liquid financial assets	-152	-213	-61				
Cash receipts from the disposal of liquid financial assets	117	363	246				
Investments in consolidated companies and other financial assets	-13	0	13				
Payments for investments in consolidated companies and other financial assets	2	-9	-11				
<b>Cash flow from investing activities</b>	<b>-219</b>	<b>-12</b>	<b>207</b>				
				Capital payment to/ capital contribution by non-controlling interests	-8	-10	-2
				Increase in shares in consolidated subsidiaries	0	0	0
				Dividends paid out bei RHM AG	-47	-62	-15
				Capital contributions by non-controlling interests	0	4	4
				Shares issued	4	4	0
				Borrowing of financial debts	69	401	332
				Repayment of financial debts	-53	-537	-484
				<b>Cash flow from financing activities</b>	<b>-35</b>	<b>-200</b>	<b>-165</b>
				Changes in financial resources	-382	-232	150
				Changes in cash and cash equivalents due to exchange rates	0	-14	-14
				Total change in financial resources	-382	-246	136
				<b>Opening cash and cash equivalents January 1</b>	<b>691</b>	<b>616</b>	<b>-75</b>
				<b>Closing cash and cash equivalents September 30</b>	<b>309</b>	<b>370</b>	<b>61</b>



## Balance Sheet Group

In EUR million

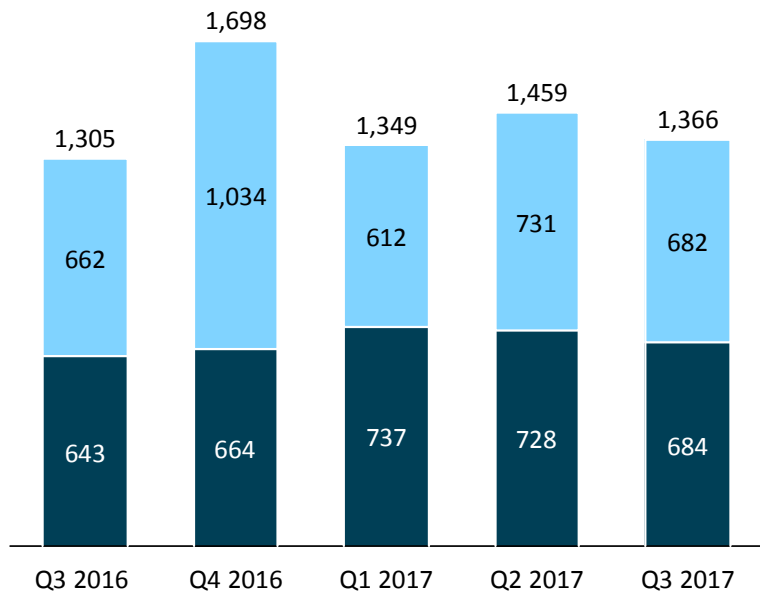
### Balance Sheet

	31.12.'16	30.09.'17	Δ		31.12.'16	30.09.'17	Δ
<b>Non-current assets</b>	<b>2,762</b>	<b>2,715</b>	-47	<b>Equity</b>	<b>1,781</b>	<b>1,811</b>	30
Intangible assets	819	798	-21	Share capital	112	112	0
Property, plant and equipment	1,378	1,340	-38	Additional paid-in capital	532	540	8
Investment property	53	55	2	Retained earnings	1074	1082	8
Investments carried at equity	240	249	9	Treasury shares	-32	-25	7
Other non-current assets	36	52	16	Rheinmetall AG shareholders' equity	1686	1709	23
Deferred tax assets	236	221	-15	Minorities	95	102	7
<b>Current assets</b>	<b>3,388</b>	<b>3,210</b>	-178	<b>Non-current liabilities</b>	<b>1,629</b>	<b>1,948</b>	319
Inventories (net)	1,098	1,218	120	Provision for Pensions and similar obligations	1186	1104	-82
Trade receivables	1,306	1,353	47	Other provisions	135	170	35
Other financial assets	43	41	-2	Financial debts	220	584	364
Other receivables and assets	125	142	17	Other liabilities	56	70	14
Income tax receivables	10	46	36	Deferred tax liabilities	32	20	-12
Cash and cash equivalents	806	410	-396	<b>Current liabilities</b>	<b>2,740</b>	<b>2,166</b>	-574
				Other provisions	516	551	35
				Financial debts	567	68	-499
				Trade liabilities	766	791	25
				Other liabilities	838	650	-188
				Income tax liability	53	106	53
<b>Total assets</b>	<b>6,150</b>	<b>5,925</b>	-225	<b>Total liabilities</b>	<b>6,150</b>	<b>5,925</b>	-225

# Quarterly development Group

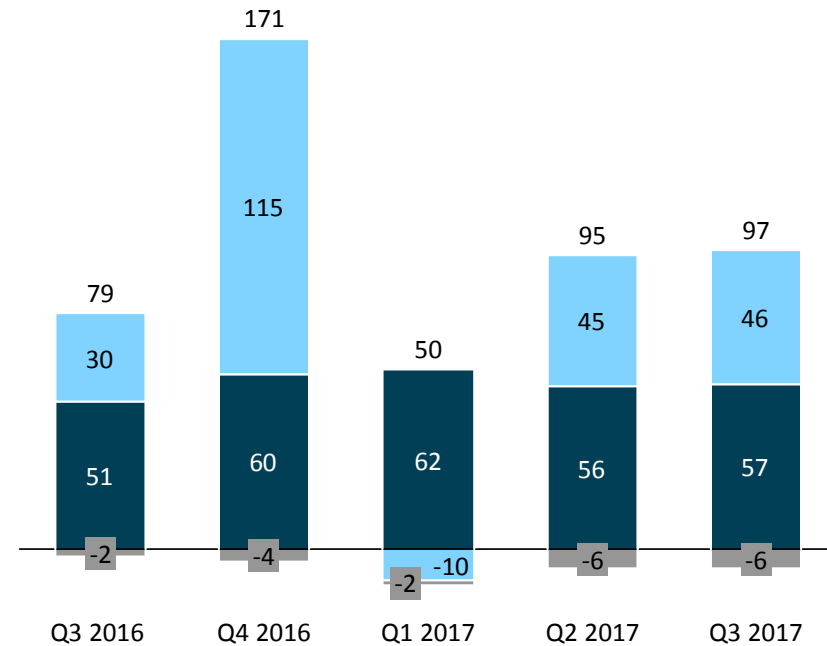
## Sales

in EUR million



## Operational results

in EUR million



■ Defence ■ Automotive ■ Consolidation/Others

## Cash Flow Statement Group

in EUR million	Q3 2016	9m 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	9m 2017	Δ Q3 2016/2017	Δ 9m 2016/2017
Group Net Income	46	99	116	28	51	43	122	-3	23
Amortization / depreciation	52	161	67	57	55	59	171	7	10
Change in pension accruals	-	-14	-	-34	-3	1	-36	1	-22
<b>Cash Flow</b>	<b>98</b>	<b>246</b>	<b>183</b>	<b>51</b>	<b>103</b>	<b>103</b>	<b>257</b>	<b>5</b>	<b>11</b>
Changes in working capital and other items	-1	-374	389	-207	-34	-36	-277	-35	97
<b>Net cash used in operating activities</b>	<b>98</b>	<b>-128</b>	<b>572</b>	<b>-156</b>	<b>69</b>	<b>67</b>	<b>-20</b>	<b>-31</b>	<b>108</b>
Cash outflow for additions to tangible and intangible assets	-62	-174	-109	-43	-50	-62	-155	-	19
<b>Free Cash Flow from Operations</b>	<b>36</b>	<b>-302</b>	<b>463</b>	<b>-199</b>	<b>19</b>	<b>5</b>	<b>-175</b>	<b>-31</b>	<b>127</b>

# Equity and pension liabilities

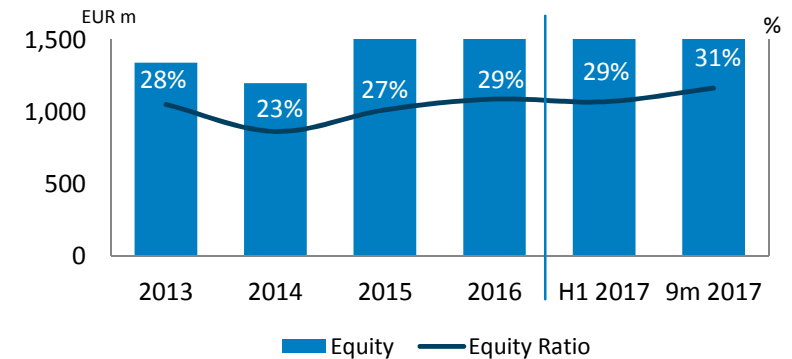
## Financial solidity materially improved

### Drivers

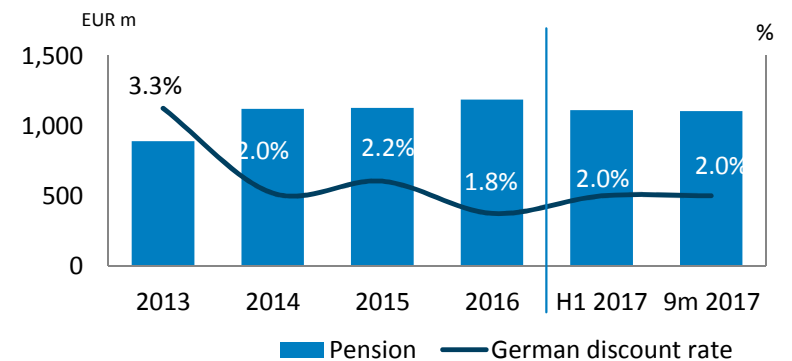
- Confidence increased by delivery on our targets
- Capitalizing on our restructuring efforts
- Achievement of a solid equity ratio
- Pension stabilized on further CTA funding
- Supportive market environment in both segments

**Credit rating Ba1 with outlook positive since August 2017**

### Equity and Equity ratio

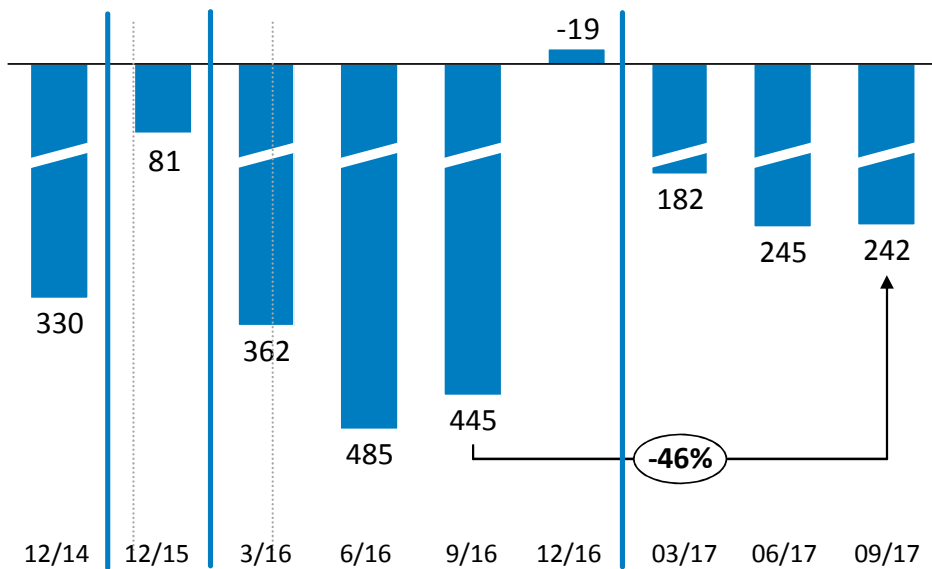


### Pension liabilities and German discount rate

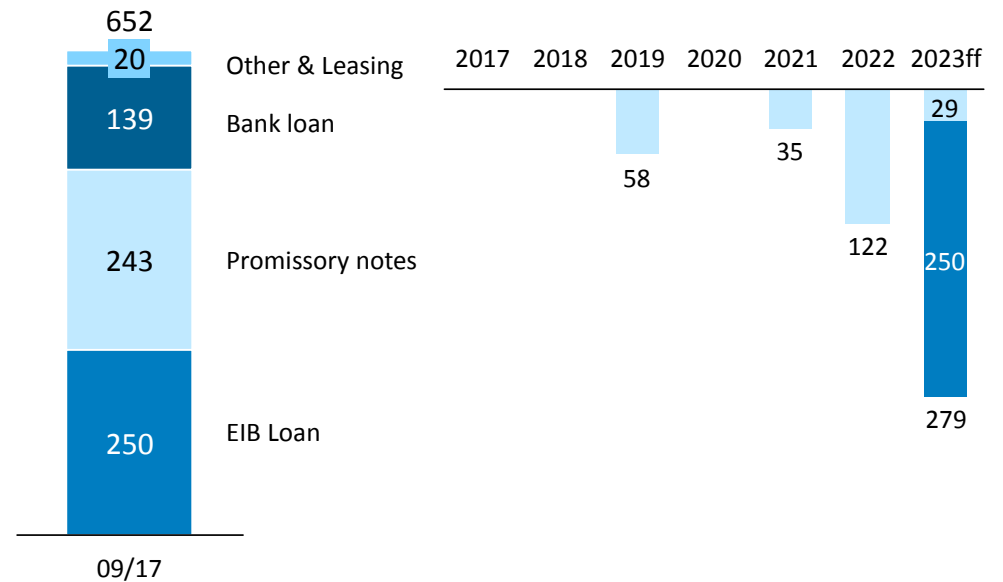


# Net-financial debt considerably improved on positive cash development

**Net-financial debt**  
in EUR million at quarter end

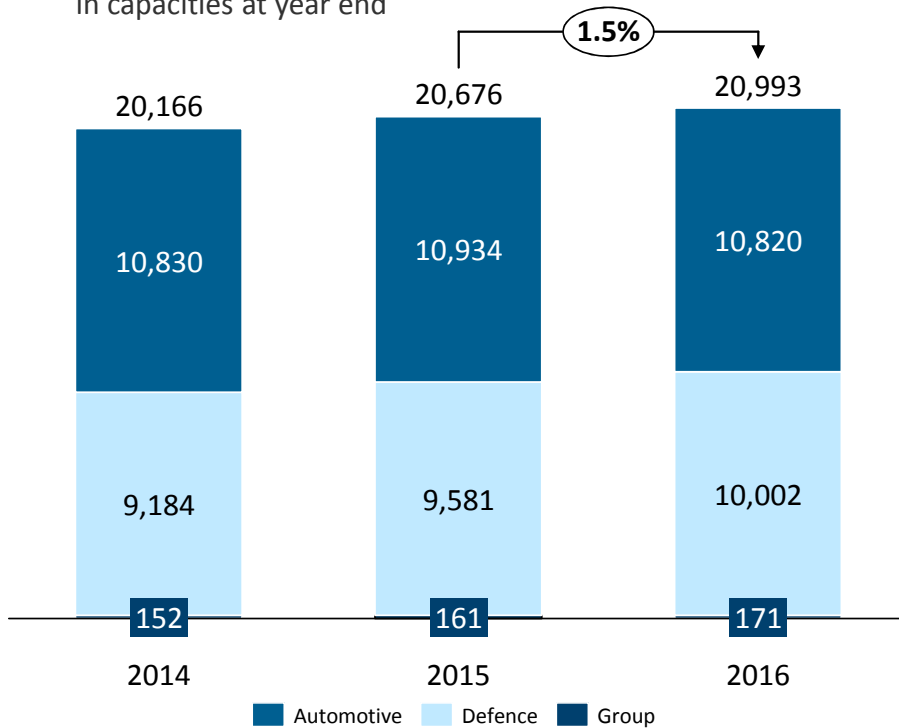


**Debt composition and maturity profile of instruments**  
in EUR million

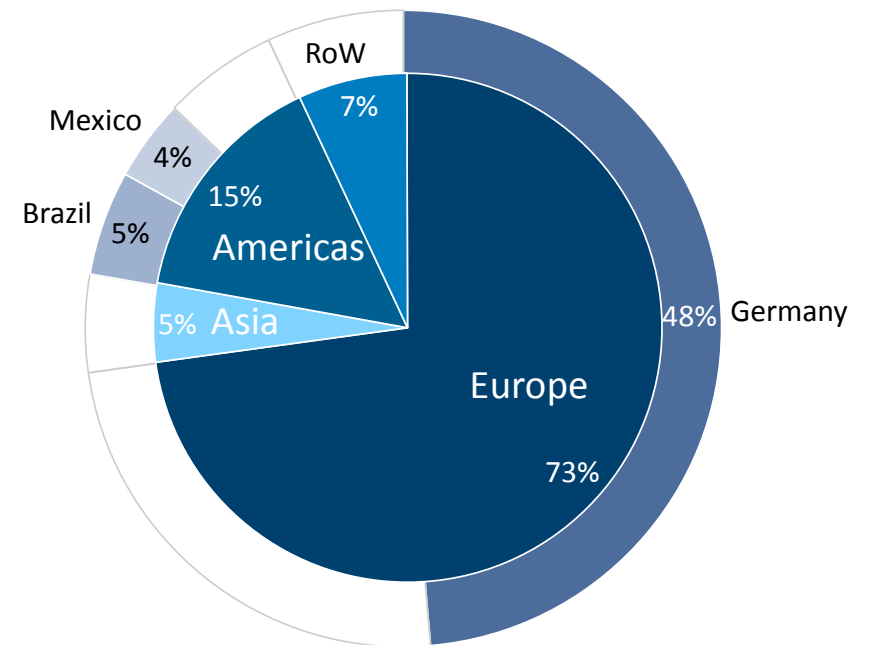


## Moderate headcount increase to accompany growth

**Headcount per segment**  
in capacities at year end



**Headcount per region**  
in capacities at year end

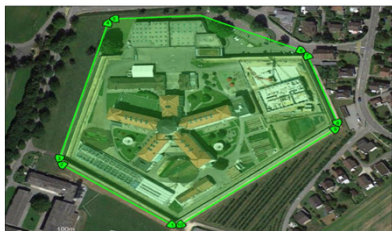


## First orders for public security and e-mobility

### ■ Public Security



Survivor vehicles  
for German police forces

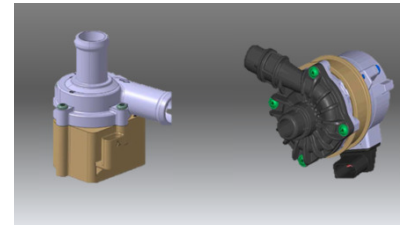


Drone detection systems  
for Swiss prisons



Innovative body armor  
for German police forces in  
several states

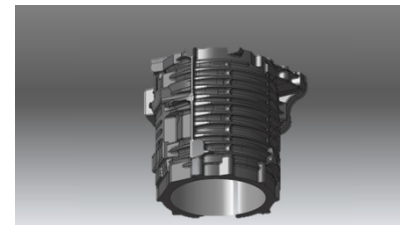
### ■ Electromobility



Pump technology for  
electric vehicles



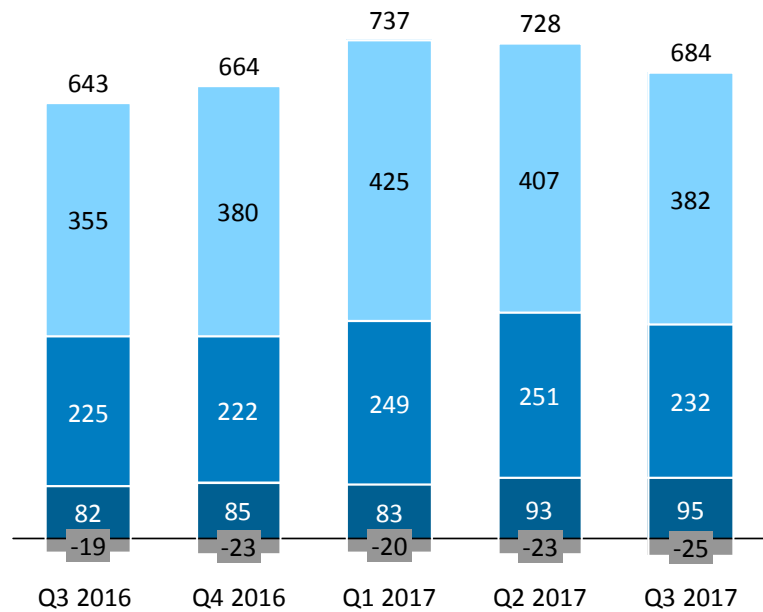
Aluminum battery boxes  
for German premium OEM



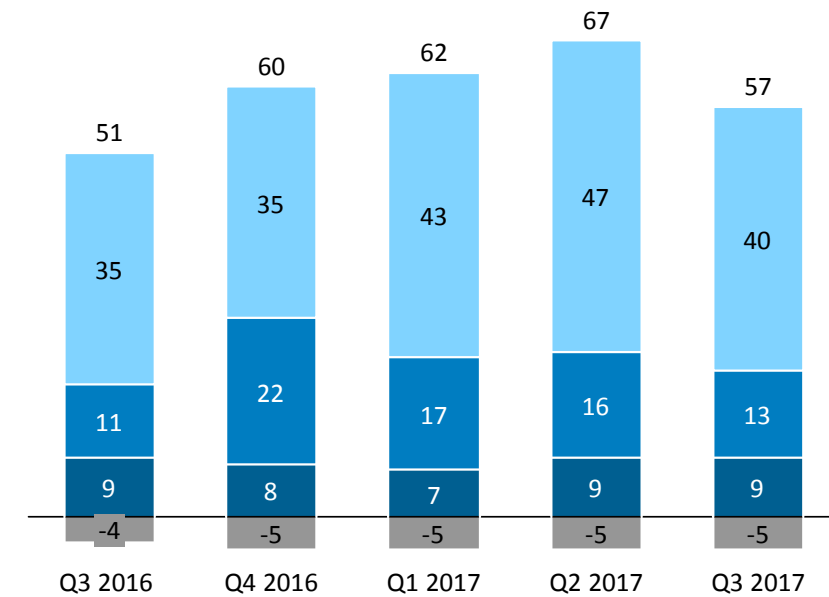
Electric engine housing  
for German premium OEM  
to serve the Chinese market

# Quarterly development Automotive

**Sales by division**  
in EUR million



**Operational results by division**  
in EUR million



■ Mechatronics 
 ■ Hardparts 
 ■ Aftermarket 
 ■ Consolidation/Others



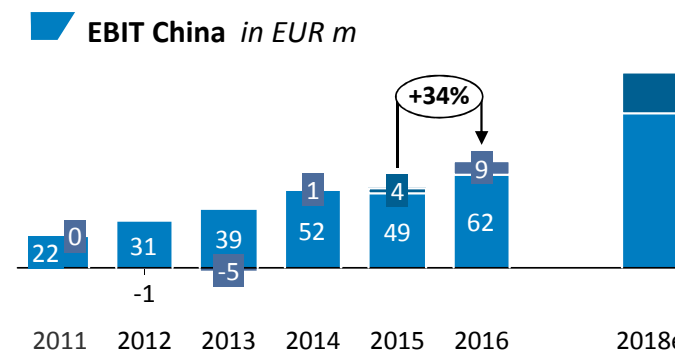
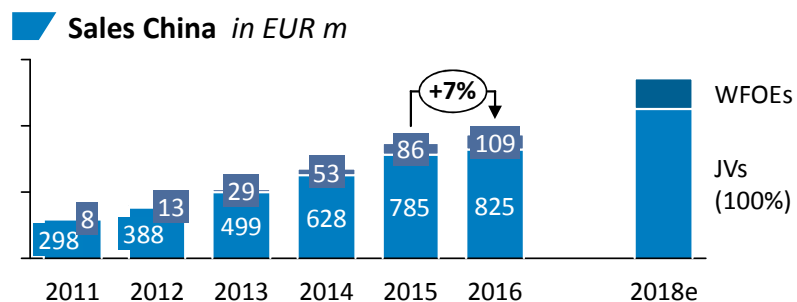
## Cash flow statement Automotive

in EUR million	Q3 2016	9m 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	9m 2017	Δ Q3 '16/'17	Δ 9m '16/'17
Net income	36	116	49	46	50	25	121	-11	5
Amortization / depreciation	29	93	40	32	32	37	101	8	8
Change in pension accruals	-1	-1	-1	-	-	-	-	1	1
<b>Cash Flow</b>	<b>64</b>	<b>208</b>	<b>88</b>	<b>78</b>	<b>82</b>	<b>62</b>	<b>222</b>	<b>-2</b>	<b>14</b>
Changes in working capital and other items	18	-146	129	-172	20	61	-91	43	55
<b>Net cash used in operating activities</b>	<b>82</b>	<b>62</b>	<b>217</b>	<b>-94</b>	<b>102</b>	<b>123</b>	<b>131</b>	<b>41</b>	<b>69</b>
Cash outflow for additions to tangible and intangible assets	-35	-103	-71	-24	-33	-42	-99	-7	4
<b>Free cash flow from operations</b>	<b>47</b>	<b>-41</b>	<b>146</b>	<b>-118</b>	<b>69</b>	<b>81</b>	<b>32</b>	<b>34</b>	<b>73</b>

## Automotive in China

50/50 joint ventures with HASCO (SAIC group)			
Castings (ATAG)	Pistons (KSSP)	Castings (KPSNC)	Pumps (PHP)
2014	1997	2001	2012
Engine blocks and structural body parts	Pistons	Engine blocks, cylinder heads and structural body parts	Electrical and mechanical pumps
Germany/ Europe	China		

Wholly Foreign-Owned Enterprises (100% Rheinmetall Automotive)			JV subsidiary
Aftermarket	Pierburg	Large-bore pistons	Pumps (PMP Ch.)
2008	2009	2013	2012
Spare parts	EGR modules and electric throttle bodies	Large-bore pistons	Electrical and mechanical pumps
China			China



# Electrification and downsizing require more sophisticated products

Coolant pump



Mechanical



>6x



Electrical

Exhaust gas recirculation



Valve



>3x



Valve, cooler, bypass and bypass actuator

Oil pump



Mechanical



>3x



Variable

Piston



Aluminum



>3x

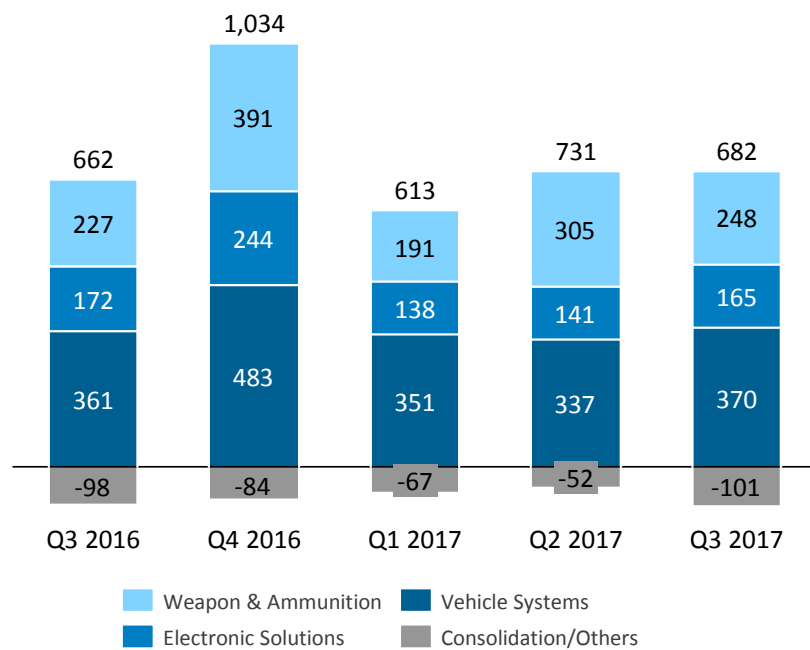


Steel

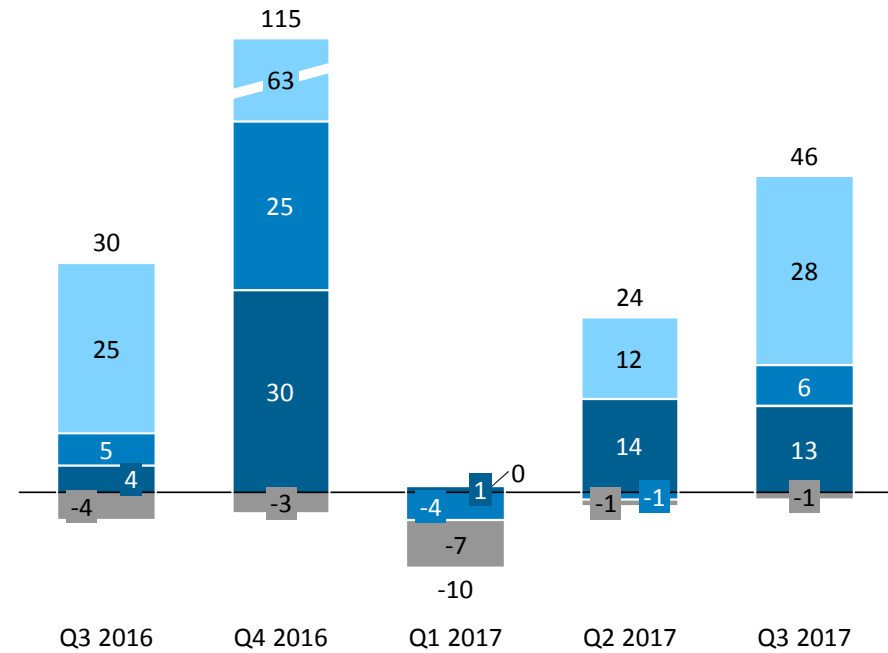


# Quarterly development Defence

**Sales by division**  
in EUR million



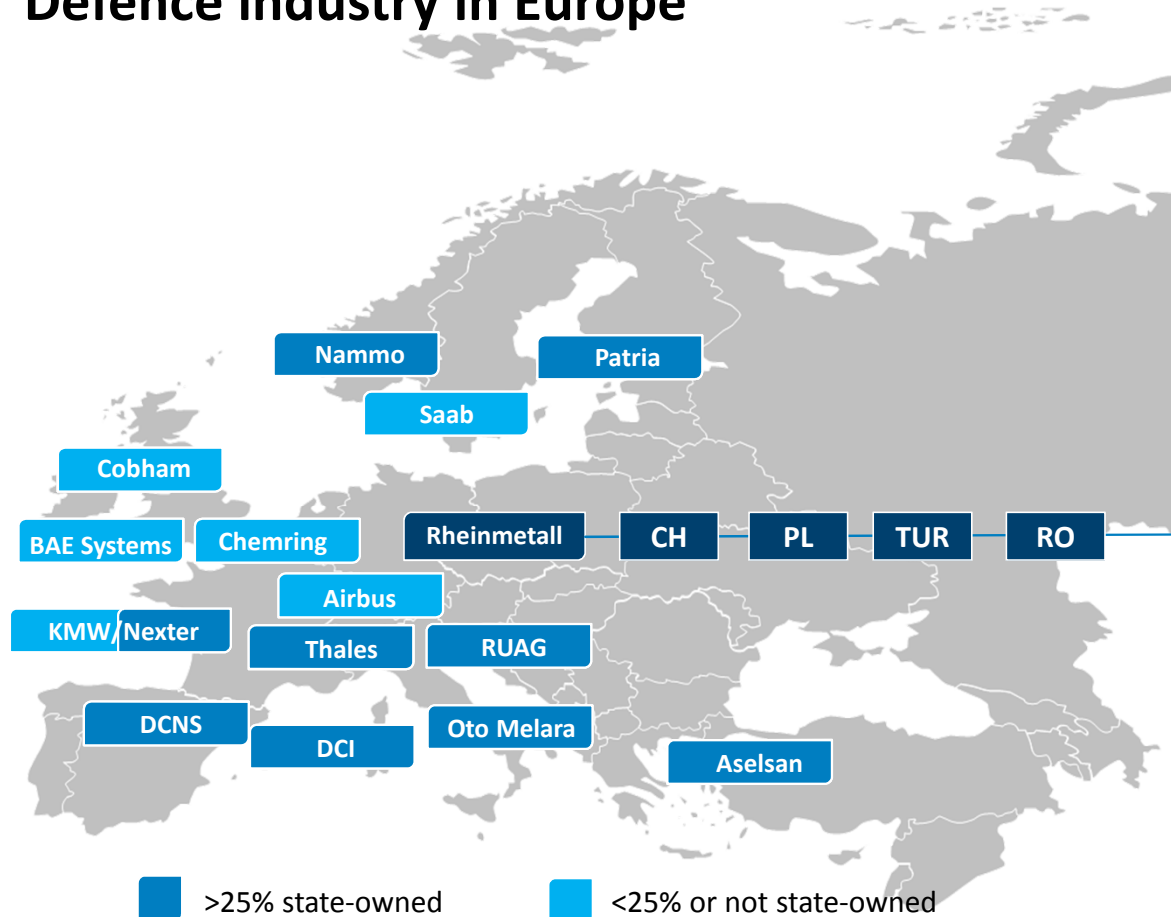
**Operational earnings by division**  
in EUR million



## Cash flow statement Defence

in EUR million	Q3 2016	9m 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	9m 2017	Δ Q3 '16/'17	Δ 9m '16/'17
Net income	13	-4	78	-16	8	32	24	19	28
Amortization / depreciation	22	66	26	24	22	21	67	-1	1
Change in pension accruals	1	4	1	-3	-6	2	-7	1	-11
<b>Cash Flow</b>	36	66	105	5	24	55	84	19	18
Changes in working capital and other items	-8	-221	248	-61	-38	-88	-187	-80	34
<b>Net cash used in operating activities</b>	28	-155	353	-56	-14	-33	-103	-61	52
Cash outflow for additions to tangible and intangible assets	-23	-61	-34	-16	-19	-19	-54	4	7
<b>Free cash flow from operations</b>	5	-216	319	-72	-33	-52	-157	-57	59

## Defence industry in Europe

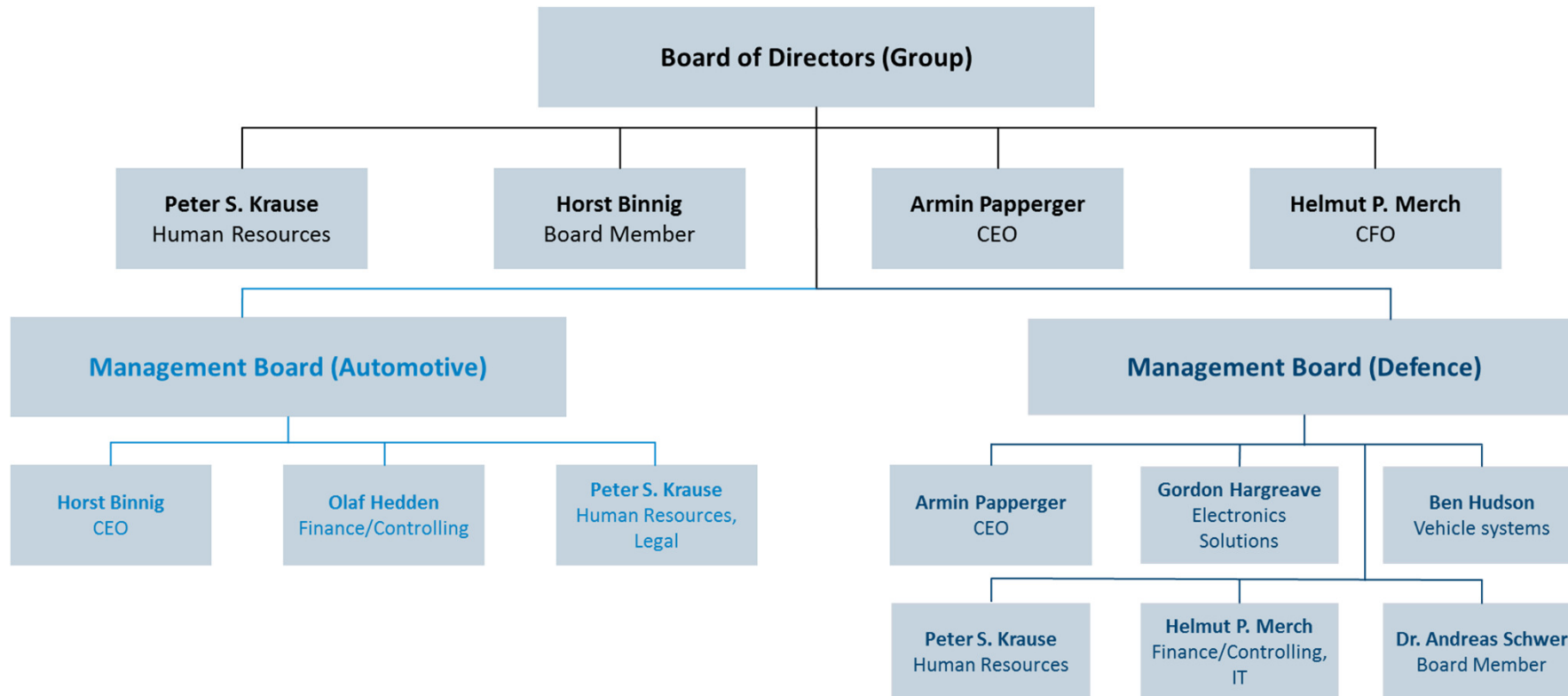


- **Governmental shareholding** restricts room for cross-border consolidation
- **Big common armament programs** as catalyst for further consolidation are not at European mid-term horizon

### 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

# Management Structure



## Next events and IR contacts

### ■ Events 2017

#### Q3 Earnings call

Capital Markets Day 2017

Berenberg Conference

Bremen

Pennyhill

7 Nov

21 – 22 Nov

4 – 5 Dec

### ■ Events 2018

Commerzbank Conference

Kepler Cheuvreux Conference

New York

Frankfurt

8 – 10 Jan

15– 16 Jan

### ■ Quick link to documents

Corporate Presentation



Interim Reports



Annual Reports



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