



# Rheinmetall Group Corporate Presentation

August 2019



# RHEINMETALL GROUP STRUCTURE.

## Group performance indicator

Grow sales around 8%	~8% op. margin
Targeted 2-4% Cash on sales	30-35% payout ratio

# RHEINMETALL GROUP

## Strategy roadmap

Organic growth	International expansion
Leading by innovations	Targeted acquisitions

## AUTOMOTIVE *Our heart beats for your engine*

Op. margin	€2,930m	48%
8.9%	€265m	53%
	*€478m	
	11,710	51%

# 2018

Sales  
Oper. Result  
Order backlog  
Headcount\*\*

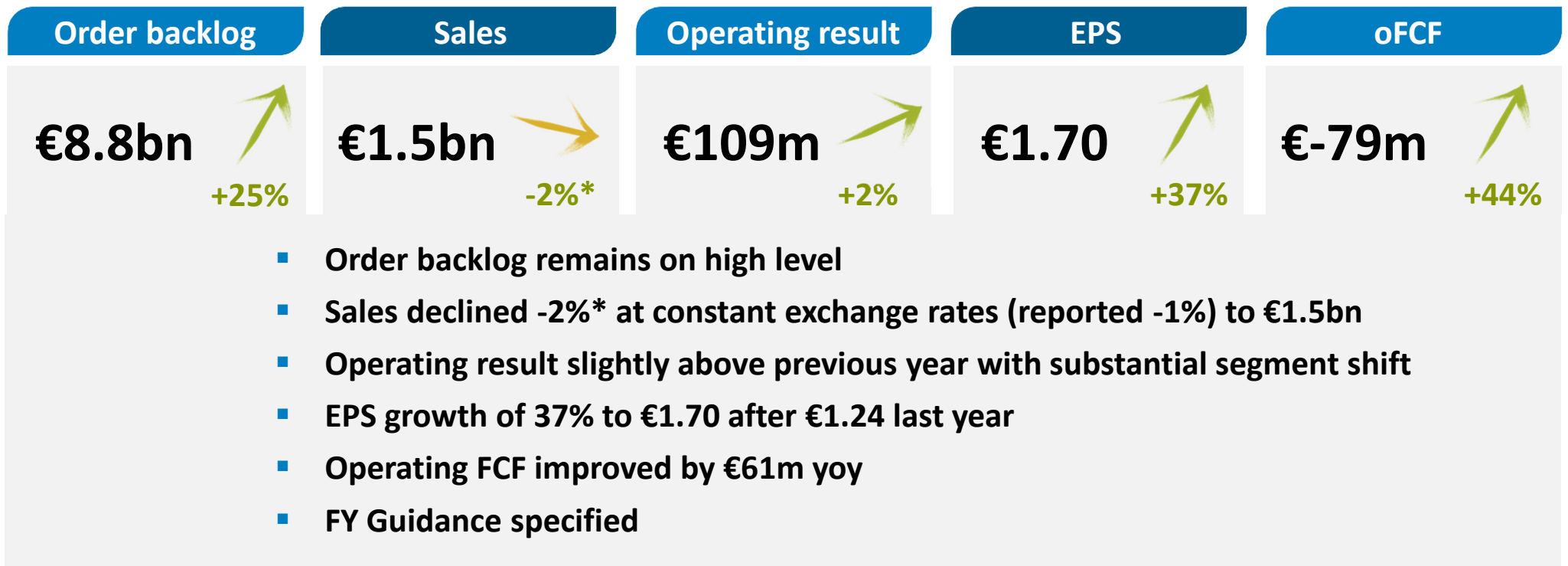
## DEFENCE *Force protection is our mission*

52%	€3,221m	Op. margin
47%	€247m	7.9%
	€8,577m	
49%	10,948	

\* Short-term; \*\*Headcount at capacities;

## Q2 2019 Group commercial highlights

Performance in line with expectations



## Q2 2019 Group commercial highlights

### Rheinmetall successful in Q2 with awards and important orders

Pierburg China awarded  
“High Unit Productivity Enterprise”  
by Kunshan government



Foundation stone laid for major ammunition contract –  
Rheinmetall to serve as the Dutch armed  
forces’ chief supplier for another decade  
Partnership agreement with DMO  
procurement authority extended to 2030



Pierburg scoring again in China  
Major order from renowned  
truck manufacturer



Rheinmetall books order for second lot of trucks  
Bundeswehr to buy 252  
unprotected transport vehicles  
under framework contract



Rheinmetall Automotive  
books first UpValve order  
Variable valve train going  
into series production in China



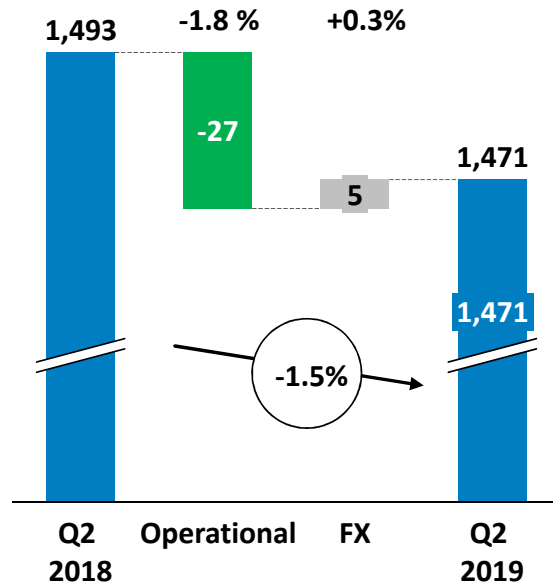
Major Bundeswehr order  
Rheinmetall to supply German military  
with tens of thousands of artillery shells



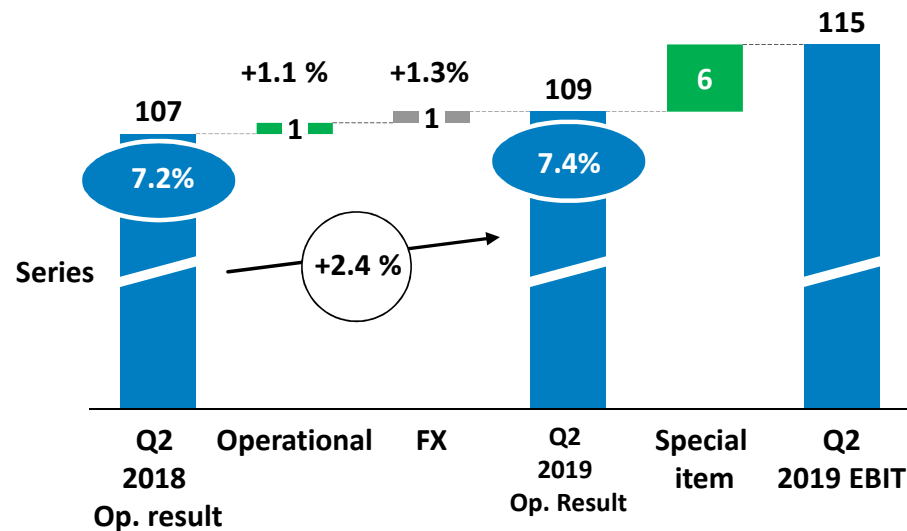
# Q2 2019 Group commercial highlights

## Solid earnings performance in the second quarter

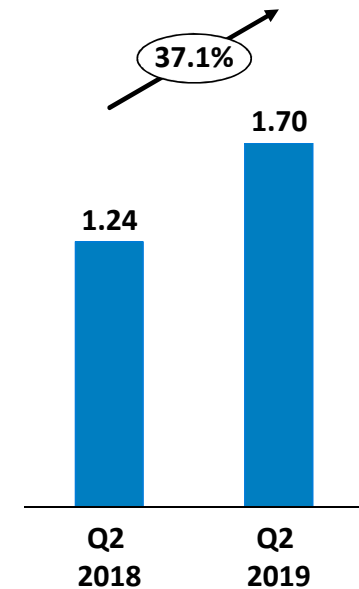
**Sales**  
in €m



**Operating result** in €m  
**Operating margin** in %



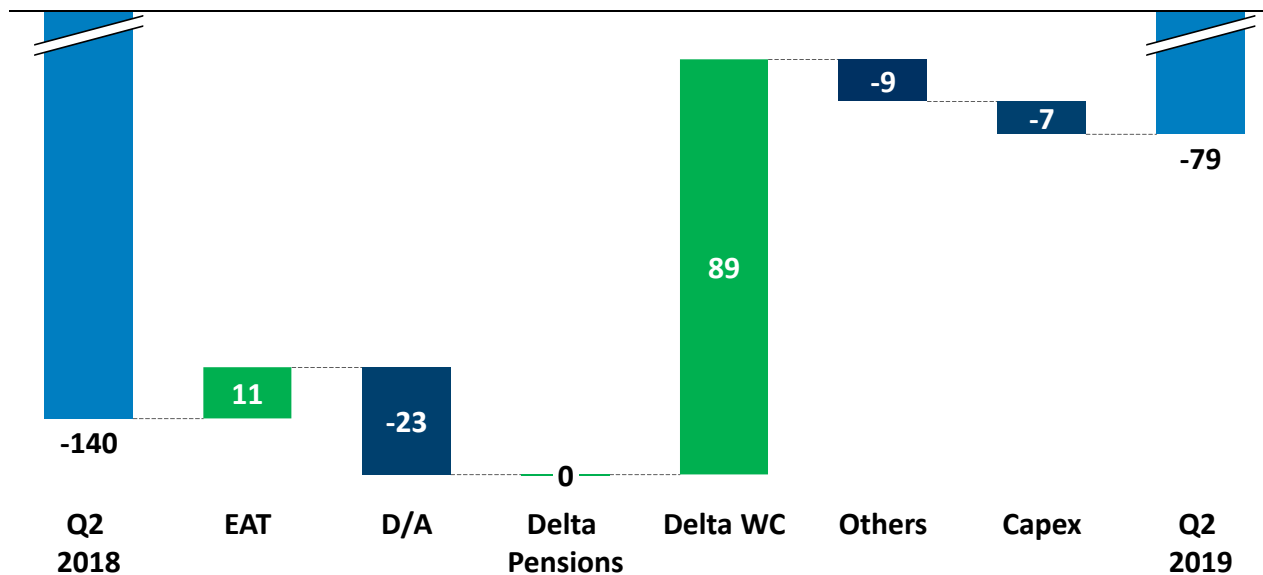
**Earnings per share**  
in €



## Q2 2019 Group commercial highlights

### Operating Free Cash Flow driven by working capital improvements

■ Operating free cash flow bridge  
in €m

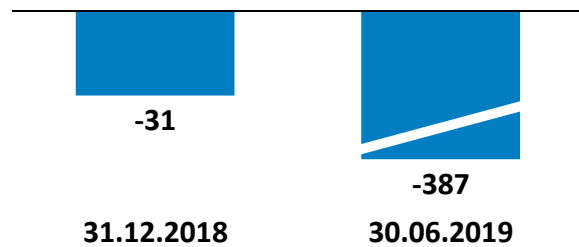


- Improved earnings
- Q2 2018 included non-scheduled write-down of €24m
- Working capital optimization was the major driver for OFCF improvements in both segments

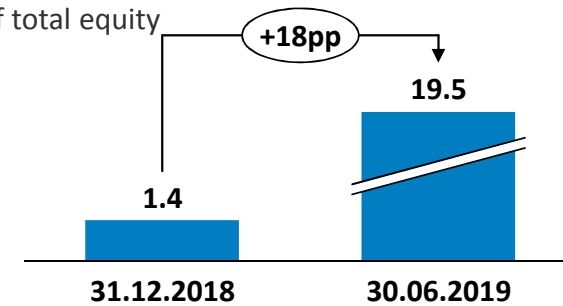
## Q2 2019 Group commercial highlights

### Reduced equity ratio mainly related to M&A transaction

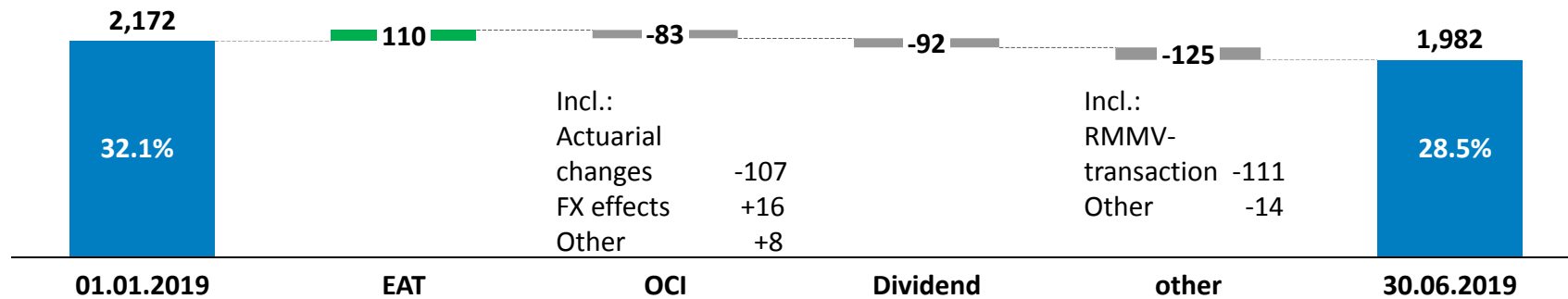
#### Net financial debt in €m



#### Net gearing Net debt in % of total equity



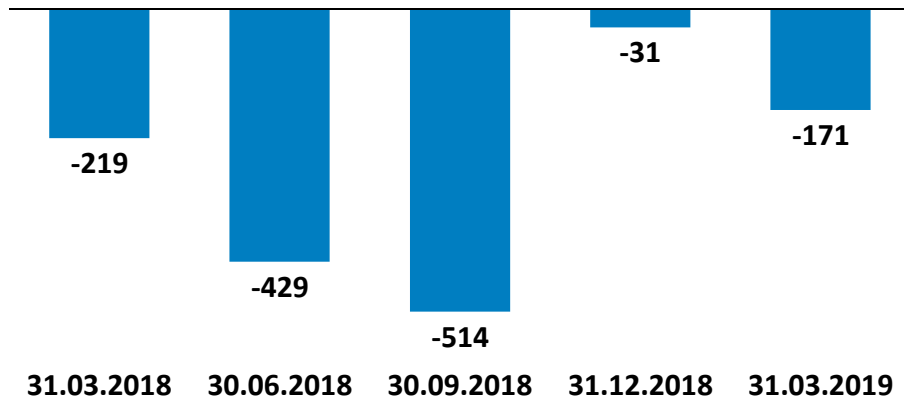
#### Equity bridge in €m and equity margin in %



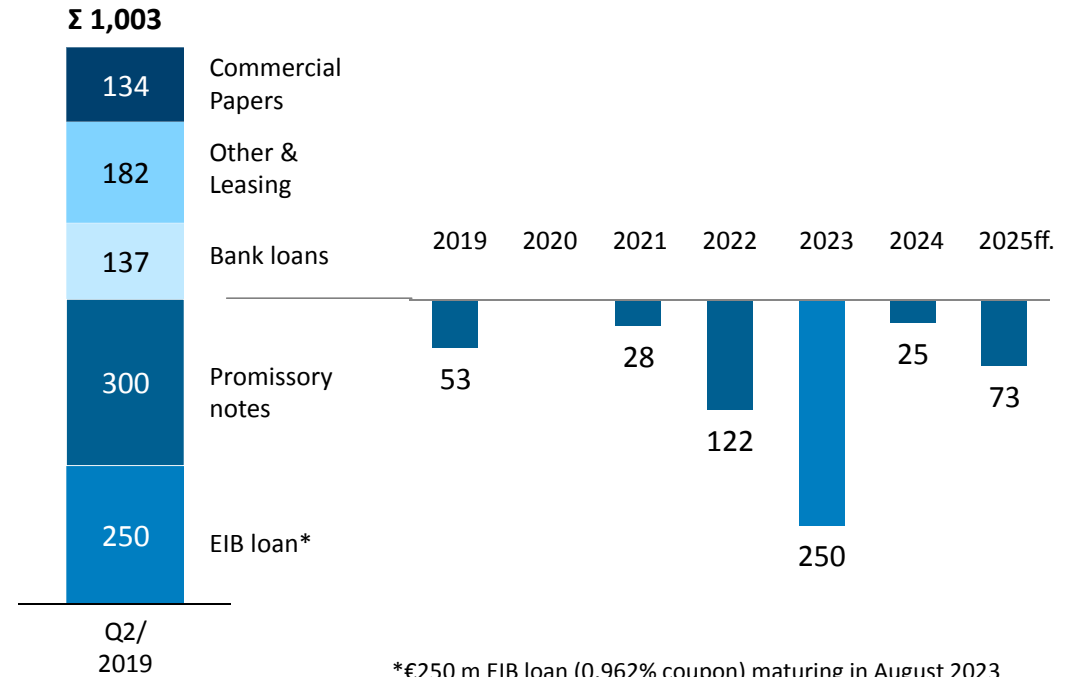
# Q2 2019 Group commercial highlights

## Typical seasonal increase of net debt

**■ Net financial debt**  
in €m at quarter-end



**■ Debt composition and maturity profile**  
in €m





## Updated view on H2

### Global LV market

- No market recovery expected
- IHS revised market growth to -3.7% for the FY 2019
- OEM and Tier 1 expect a market decline between -4 to -5% for the full year 2019

### AUTOMOTIVE





- H2 sales slightly below H1 2019
- Ramp-up significantly lower than expected according to latest customer info
- Margin should stabilize around H1 level

### DEFENCE



- Pipeline fully loaded
- German order entry likely to increase
- Normal seasonal pattern with backend loaded sales
- High operating leverage
- FY order entry slightly above €4bn

## FY 2019 GUIDANCE. GROUP GUIDANCE SPECIFIED

	Sales		Operating margin	
	2018 Growth yoy in % at constant FX	2019e Growth yoy in % at constant FX	2018 in %	2019e in %
<b>GROUP</b>	6.1	around 4 (before: 4 – 6)	8.0	around 8
<b>AUTOMOTIVE</b> 	4.2	-2 to -3 (before: 0 to 1)	8.9	around 7 (before: around 8)
<b>DEFENCE</b> 	7.9	around 11 (before: 9 – 11)	7.9	around 9 (before: 8.0 – 8.5)

Operational growth at constant FX; Assumptions: no hard Brexit; no further escalation of trade wars



## **Automotive – Focus on innovation**

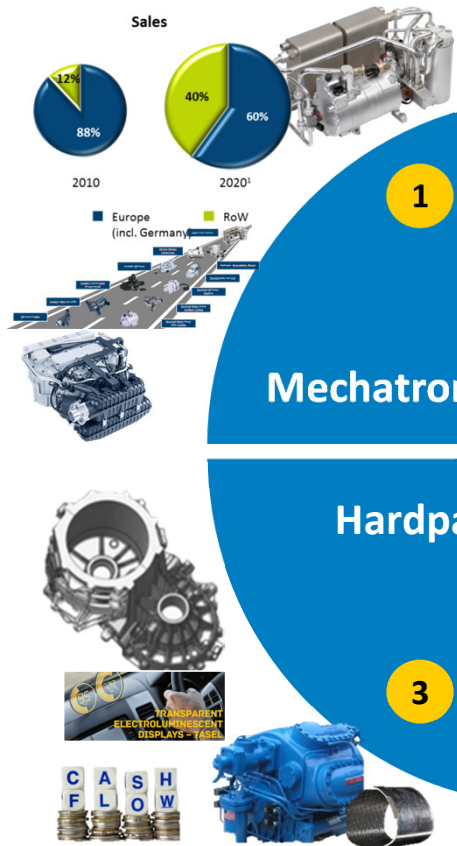
# AUTOMOTIVE WITH LEADING TECHNOLOGY AND MARKET POSITIONS.

Key Figures		Structure		Sales by region		Sales by division*	
Sales:	€2.9bn	<b>Hardparts</b>					
Op. result:	€262m	Pistons	Large-bore Pistons				
Op. margin:	8.9%	Bearings	Castings				
R&D:	€157m	<b>Mechatronics</b>					
Capex:	€161m	Pump Technology	Automotive Emission Systems				
Headcount:	11.710	Solenoid Valves	Commercial Diesel Systems				
		Actuators					
		<b>Aftermarket</b>					

All figures refer to FY 2018

\*unconsolidated

# Overview Rheinmetall Automotive



**1**

## Mechatronics

- **Legislation** is driving the business
- **International** market offer great **growth potentials**
- E-Mob and Diesel impacts
- Preserve **technological leadership** (thermo-mgmt., HV/EV competences)
- **New products** pipeline fully loaded

**3**

## Hardparts

- **Manage-for-cash** strategy for engine component segment
- Re-investment and growth by **diversification** & transformation
- **Optimize** global footprint

**2**

## China

- Gain bigger share in **NEV** market
- Growth strategy outperforming Chinese market development
- Build up strong **local engineering / R&D** capabilities
- Environmental challenges

**4**

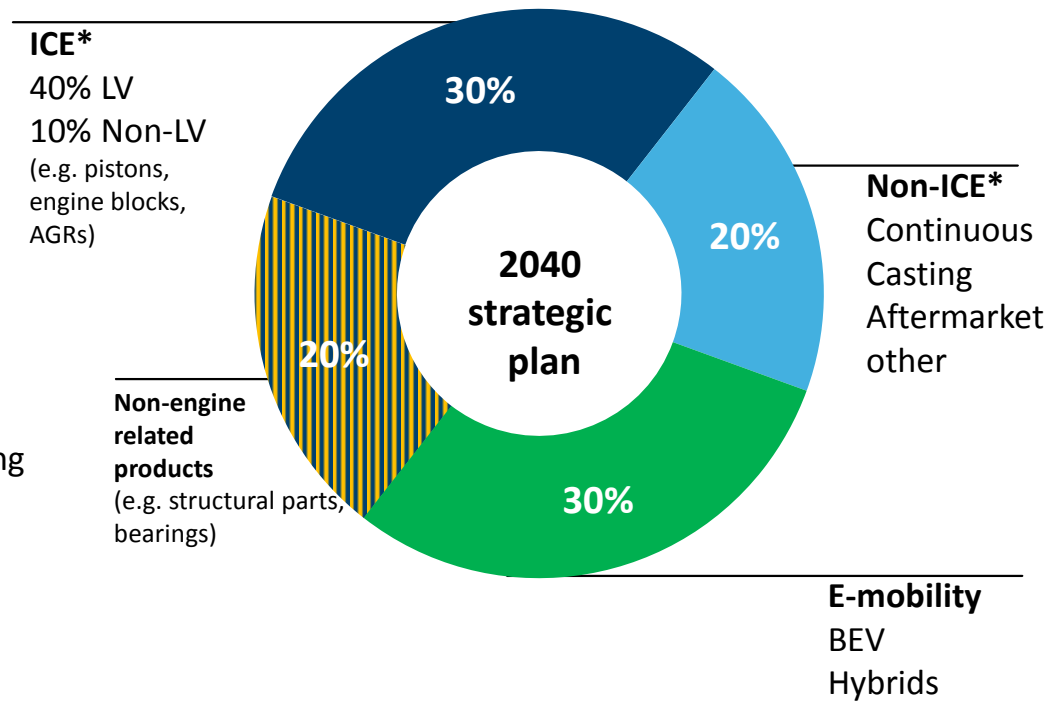
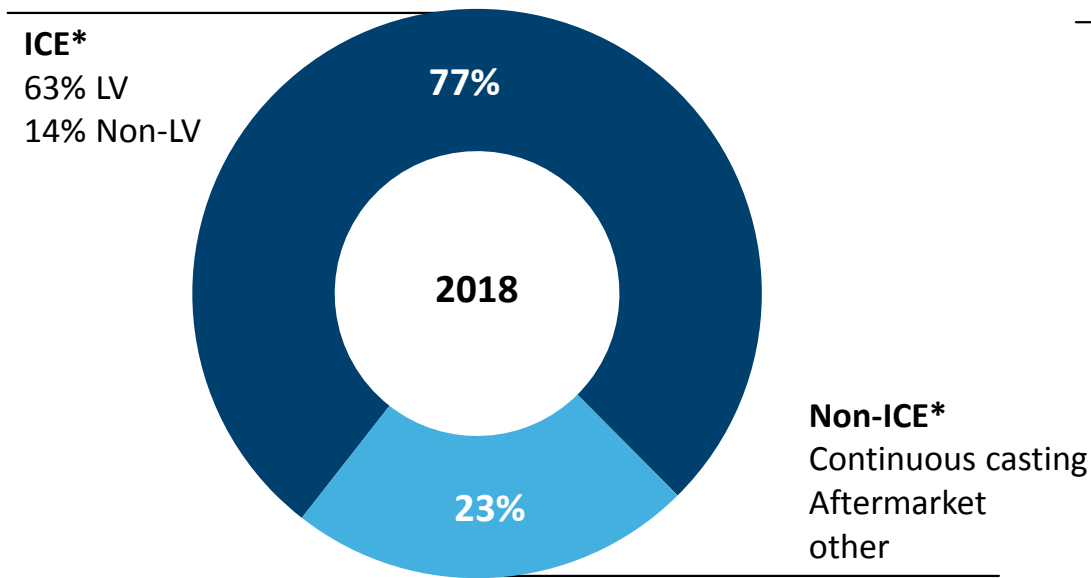
## Aftermarket

- Optimize In-house production
- Focus on high tech products and **expand product portfolio**
- Increase sales through **new sales channels** and customers
- Implement BU (Matrix) organization and optimize processes / project management

# Strategic outlook

## Increase independence from combustion engine

■ Sales split  
in %

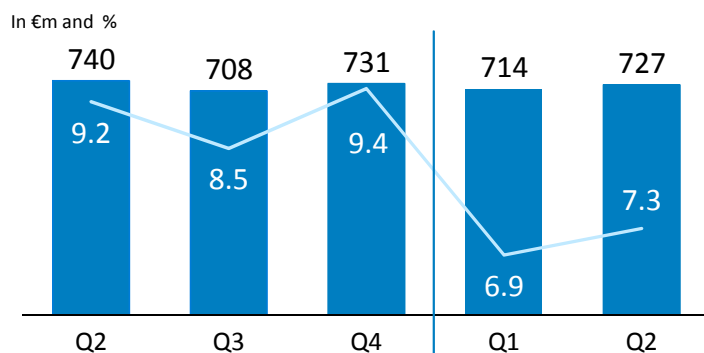


\*ICE = internal combustion engine

## Q2 2019 Highlights: Automotive

### Maintaining competitiveness in a deteriorating market

#### Quarterly sales and margin development



#### Comments on quarterly performance

- Sales decline of -1.8% (FX-adjusted -2.6%) again far better than overall market development (Global LV production: -7.5%\*)
- Expected reduction of operating result to €53m, with sequential margin improvement to 7.3%
- OFCF improved due to optimized working capital management

In €m	Q2 2018	Q2 2019	Δ	YTD 2018	YTD 2019	Δ
Sales	740	727	-1.8%	1,491	1,441	-3.4%
Operating result	68	53	-22.1%	133	102	-23.3%
Operating margin in %	9.2%	7.3%	-200 bp	8.9%	7.1%	-180 bp
Operating Free Cash Flow	36	62	72.2%	-14	-14	0.0%
Operating FCF / Sales	4.9%	8.5%	360 bp	-0.9%	-1.0%	-1 bp

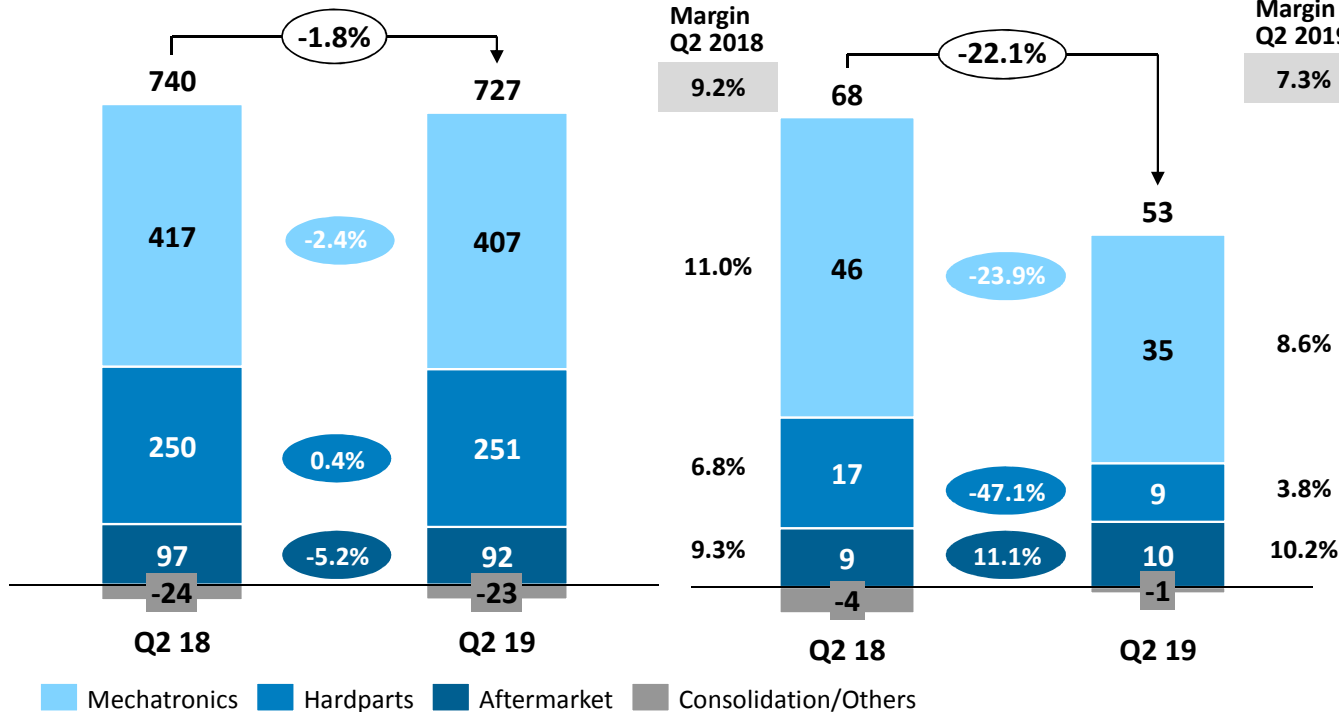
\*IHS Markit: 29 July 2019

# Q2 2019 Highlights: Automotive

## Pressure on Diesel left a mark in Mechatronics and Hardparts

**Sales Automotive**  
in €m

**Operating result Automotive**  
in €m



### Mechatronics

- Low Diesel related sales with adverse margin effect
- Higher R&D expenses for future-related projects
- New E-mobility cost allocation

### Hardparts

- Low Diesel LV-Piston sales setoff by equipment sale to China
- Operational issues plus fire interrupted production at CZ site
- Lower at-equity contribution

### Aftermarket

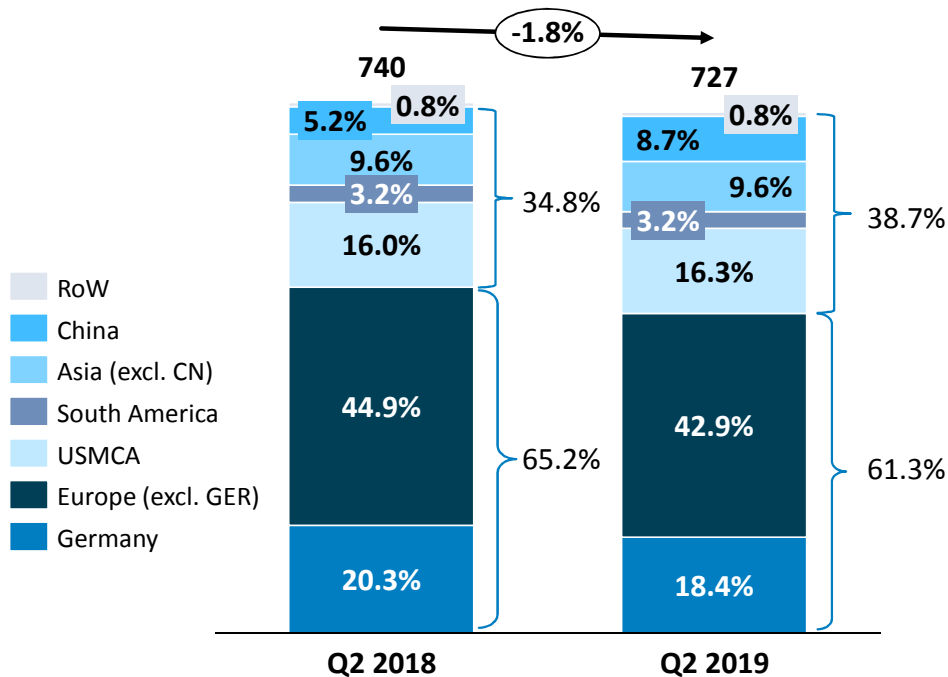
- Weak European demand
- Stable results



## Q2 2019 Highlights: Automotive

Weak development, but global market development was even worse

### Regional sales development Automotive in €m



- Weak market environment, global LV production declined by 7.5\*%

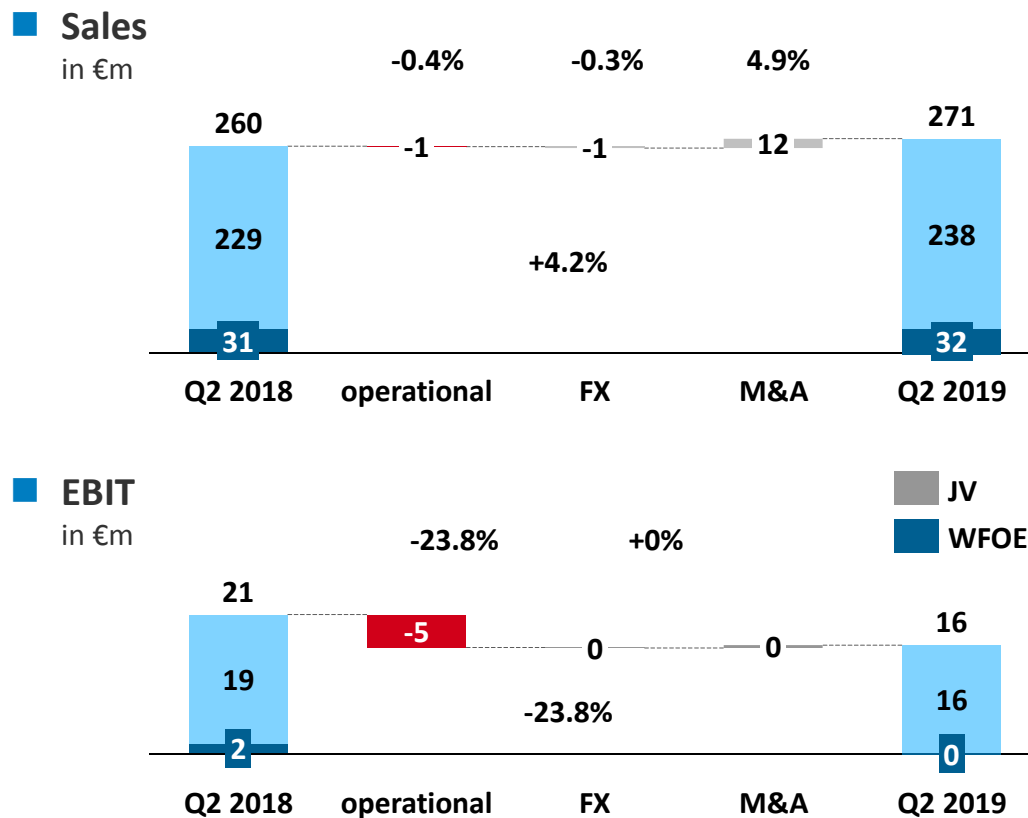
#### Automotive:

- Western Europe (incl. Germany) declined in all divisions in line with market ↓
- USMCA with operational decline overcompensated by FX effects →
- China sales grew against the negative market trend supported by equipment sales ↑

\*IHS Markit: 29 July 2019

## Q2 2019 China Total Management View

### Sales development again significantly better than market



- Sales development operationally almost stable, supported by M&A effect of 4.9 %
- Significantly better than China LV production of -16.3%\* (YTD - 13.5%\*)
- Margin declined from 8.1% to 5.9% due to adverse portfolio effects and ramp-up cost for new products

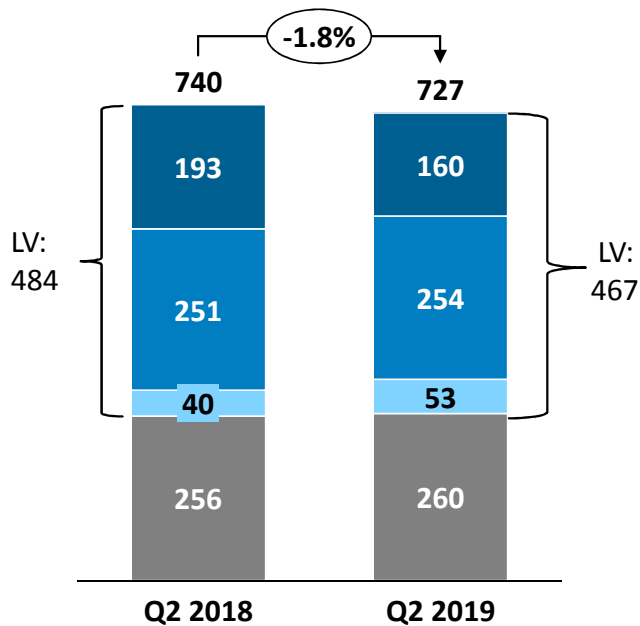
Including 100% figures of 50/50 JV, consolidated at equity

\*IHS Markit: 29 July 2019

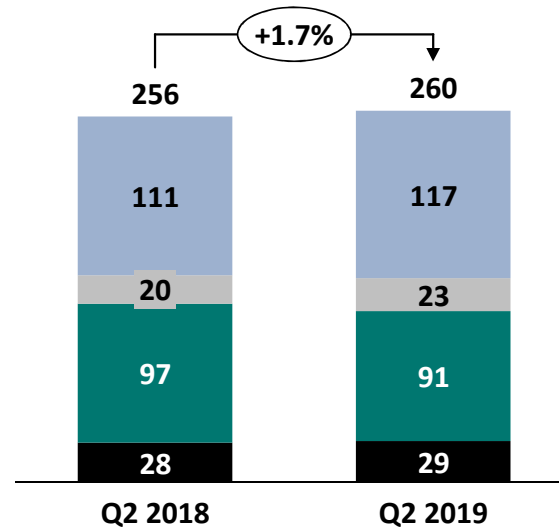
## Q2 2019 Highlights: Automotive

### Diesel suffered most in Q2 mitigated by Gasoline and Non-LV Business

■ Sales split LV / Non-LV  
in €m / in %



■ Sales split Non-LV  
in €m / in %

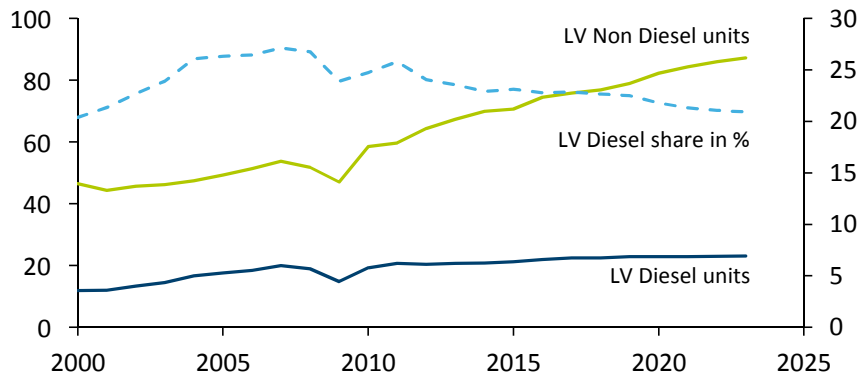


	absolute	Delta in %
Diesel	-33	-17.1%
Gasoline	+3	+1.2%
other LV	+13	+32.5%
<hr/>		
<b>LV Business</b>	<b>-17</b>	<b>-3.5%</b>
Truck	+5	+4.8%
Large Bore	+3	+17.6%
Aftermarket	-6	-6.2%
other	+1	+3.6%
<hr/>		
<b>Non-LV Business</b>	<b>+4</b>	<b>+1.7%</b>

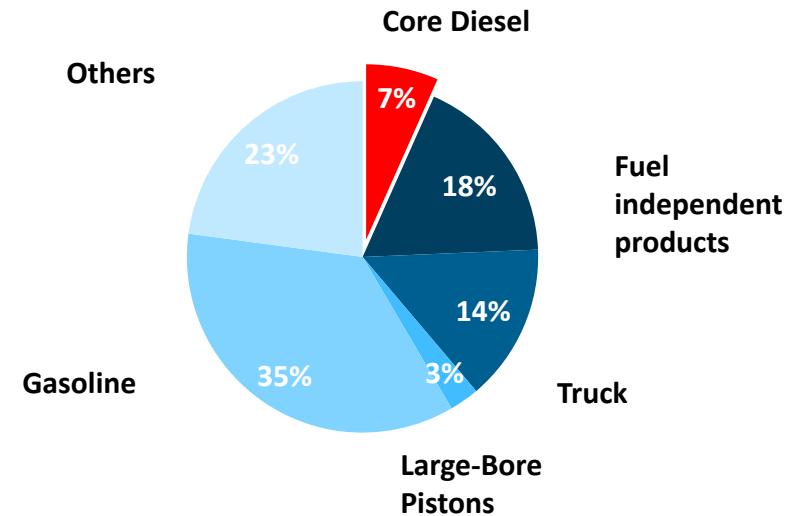
*Note: A bracket groups the Truck, Large Bore, and Aftermarket segments, showing a combined +6.9% change.*

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

### ■ Combined global engine production forecast\*



### ■ Automotive sales distribution by engine type\*\*



### ■ 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

**Benefitting from OEM's effort to reduce emissions and to avoid penalties**

\* IHS: Combined Engine Production Forecast April 2017

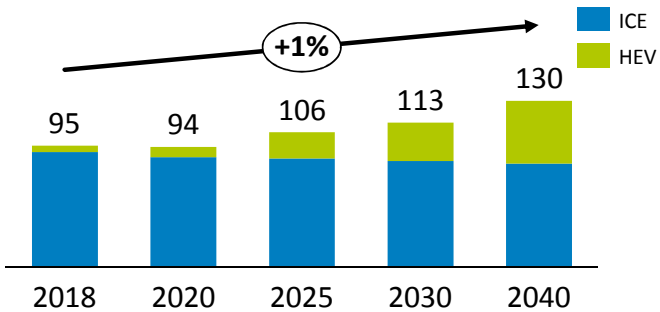
\*\* Rheinmetall Automotive sales FY 2018

# Drivers for growth

Rising global fleet and regulatory restrictions are supporting our growth

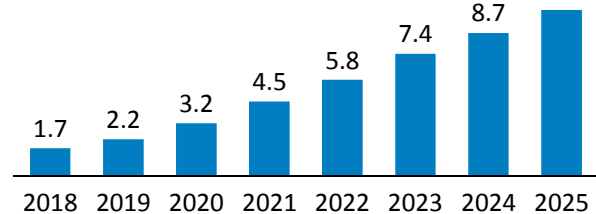
## Light vehicle production grows

million vehicles per year



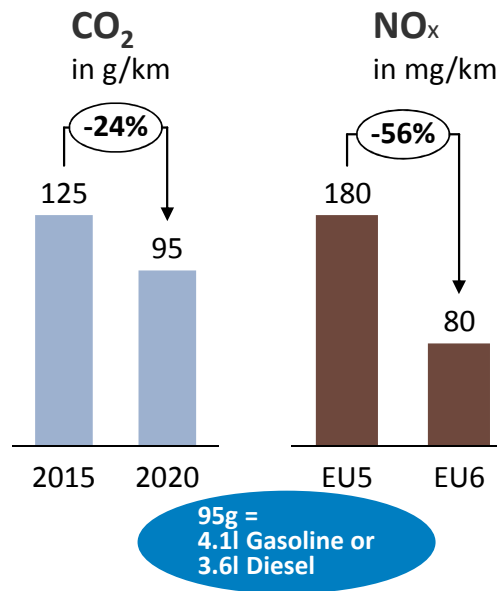
## BEV 2017-2025

million vehicles per year



IHS 07/2019 and company estimates

## Emission thresholds decrease



## Stricter emission testing



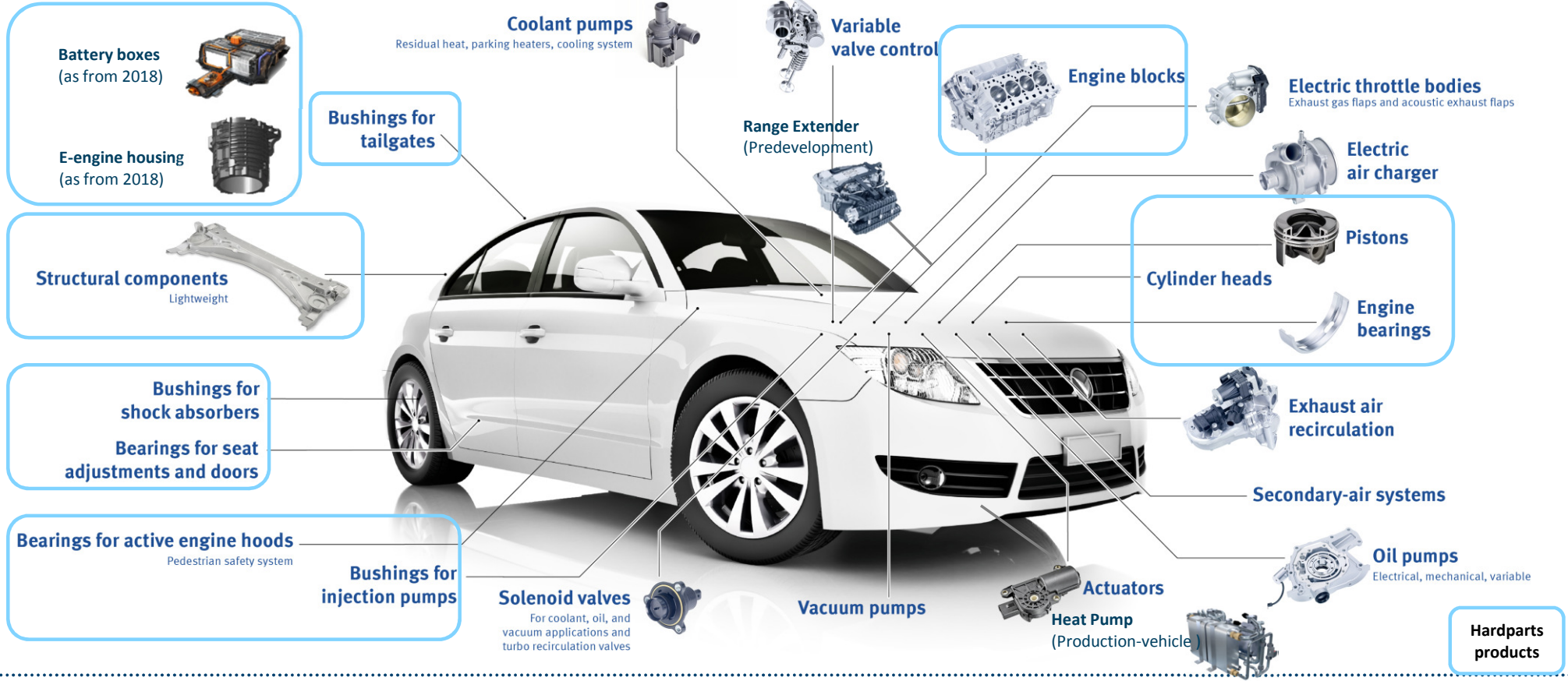
Mainly EU!



Stricter testing sets the benchmark even higher!

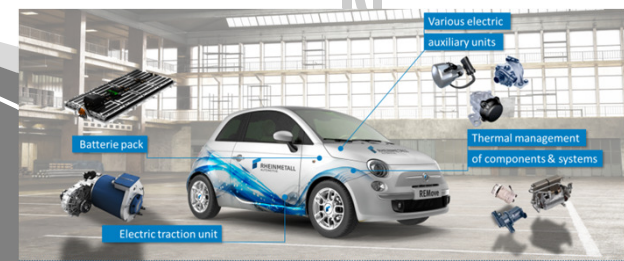
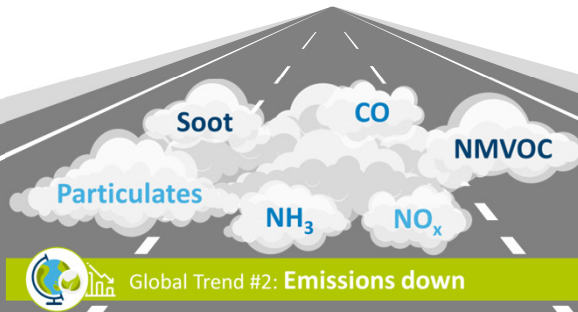
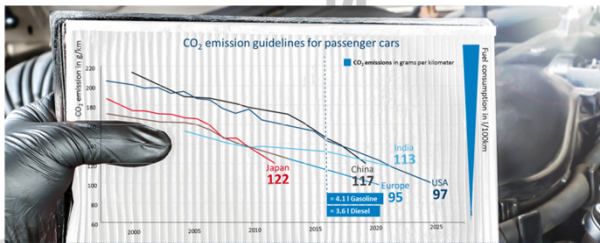
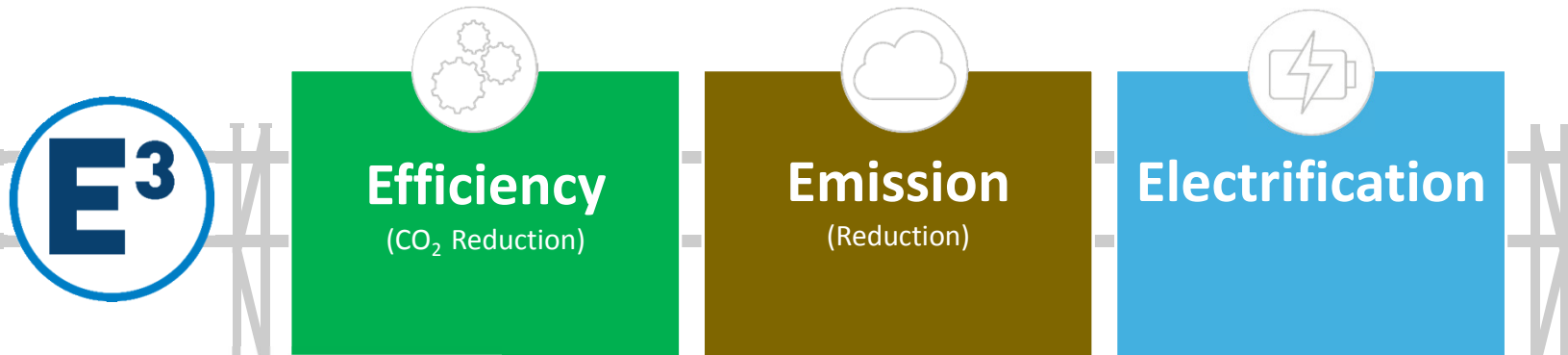
# Broad product range for alternative drive systems

Enlarging the traditional product portfolio for combustion engines ... **+** ... by products for hybrid and electric engines



# Market trends

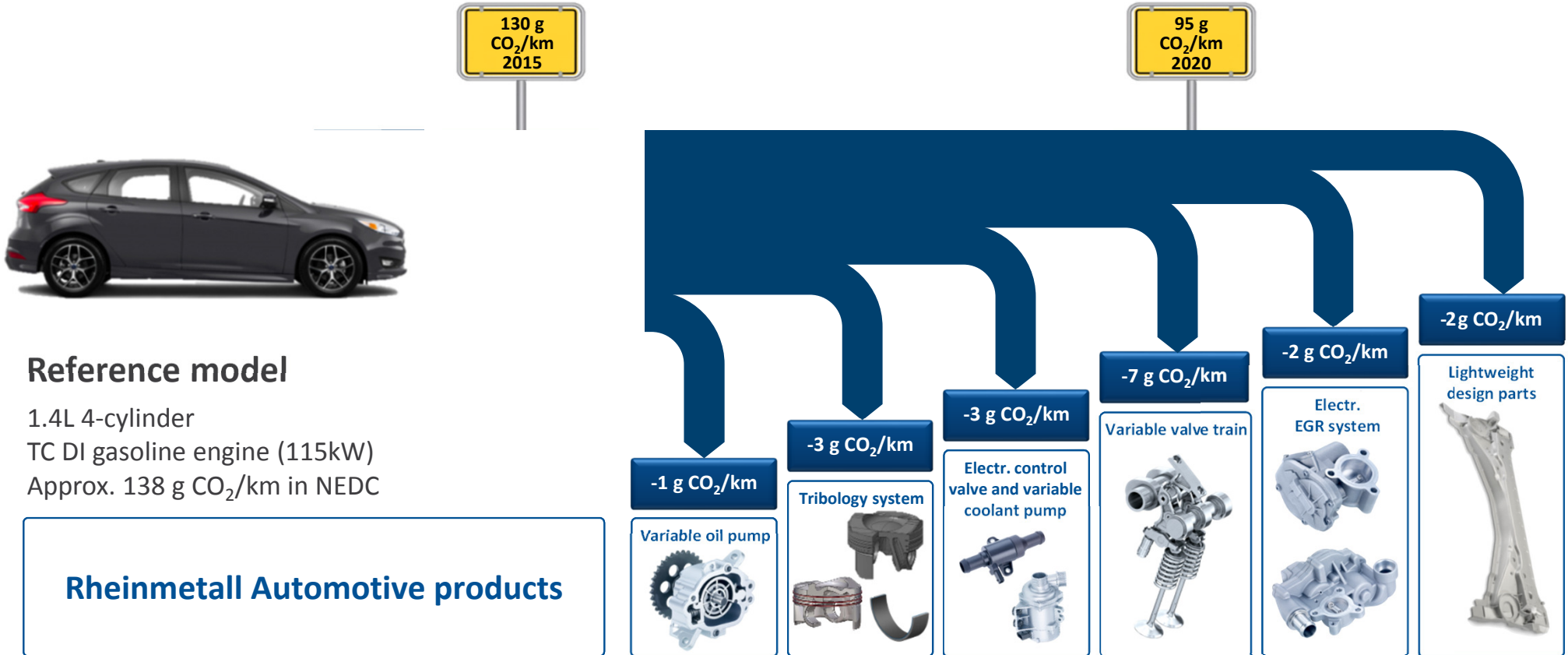
## The growth drivers of Rheinmetall Automotive



The innovation pipeline for all three trends is packed!

# Efficiency

## CO<sub>2</sub> - reduction with Automotive products – gasoline engine vehicle

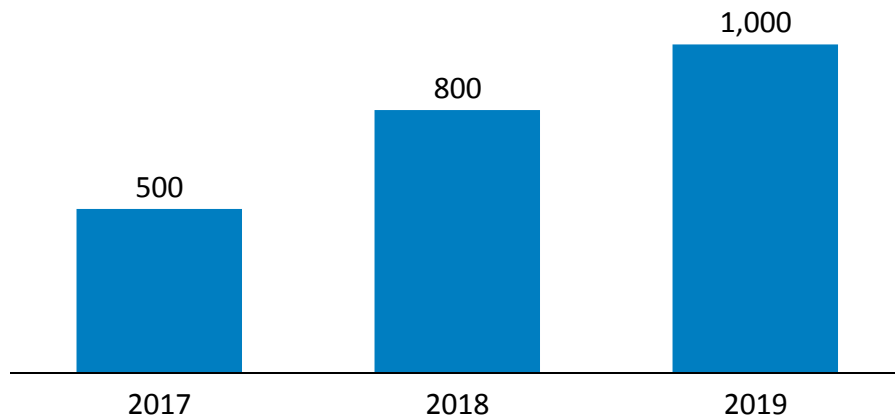




# E-mobility

## Competence underlined by contracts and by initiatives for new solutions

■ Lifetime order value for electric vehicles (EV)\*  
in €m



### E-Taxi London

Pump technology for pure electric taxis



### Battery cell boxes

Aluminum battery boxes for German premium OEM



### Electric engine housing

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



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

# Truck

## Our current product portfolio

**Truck sales in €m**

	2014	2016	2018
Truck sales	275	386	424

Labels for components include: Main coolant pumps, Auxiliary coolant pumps, Electrical oil pumps, Bearings for seat adjustments and doors, Permaglide bearings for truck compressors and truck hydraulics, Exhaust gas flaps, Hydraulic valves, Bushings for injection pumps, Coolant valves, Variable valve control, Aluminum pistons, Steel pistons, Piston rings (Cooperation with Riken), Cylinder bore coating, Main-bearings, Connecting rod bearings, EGR cooler modules and mixer modules, Dual poppet valves, EGR reed valves, High performance actuators, Pressure regulating valves, and Electrical bypass valves.

## Diversification

### Increasing portfolio for non-LV applications

Trucks



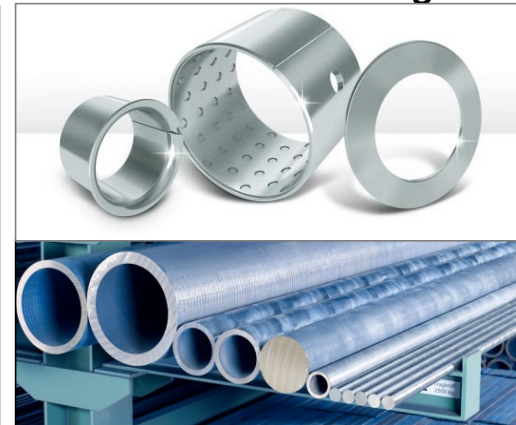
Diverse portfolio for truck applications

Large bore pistons



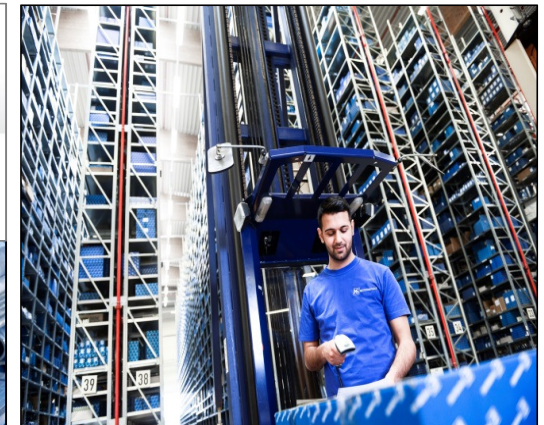
E.g. ship and locomotive pistons

Bearings & continuous casting



Sanitary application

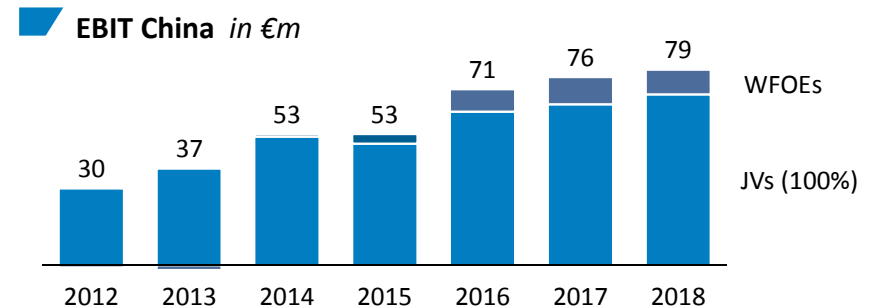
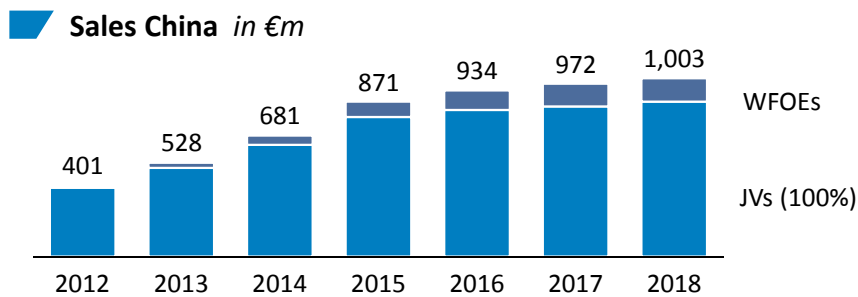
Aftermarket



Global supply of spare parts

# Automotive in China

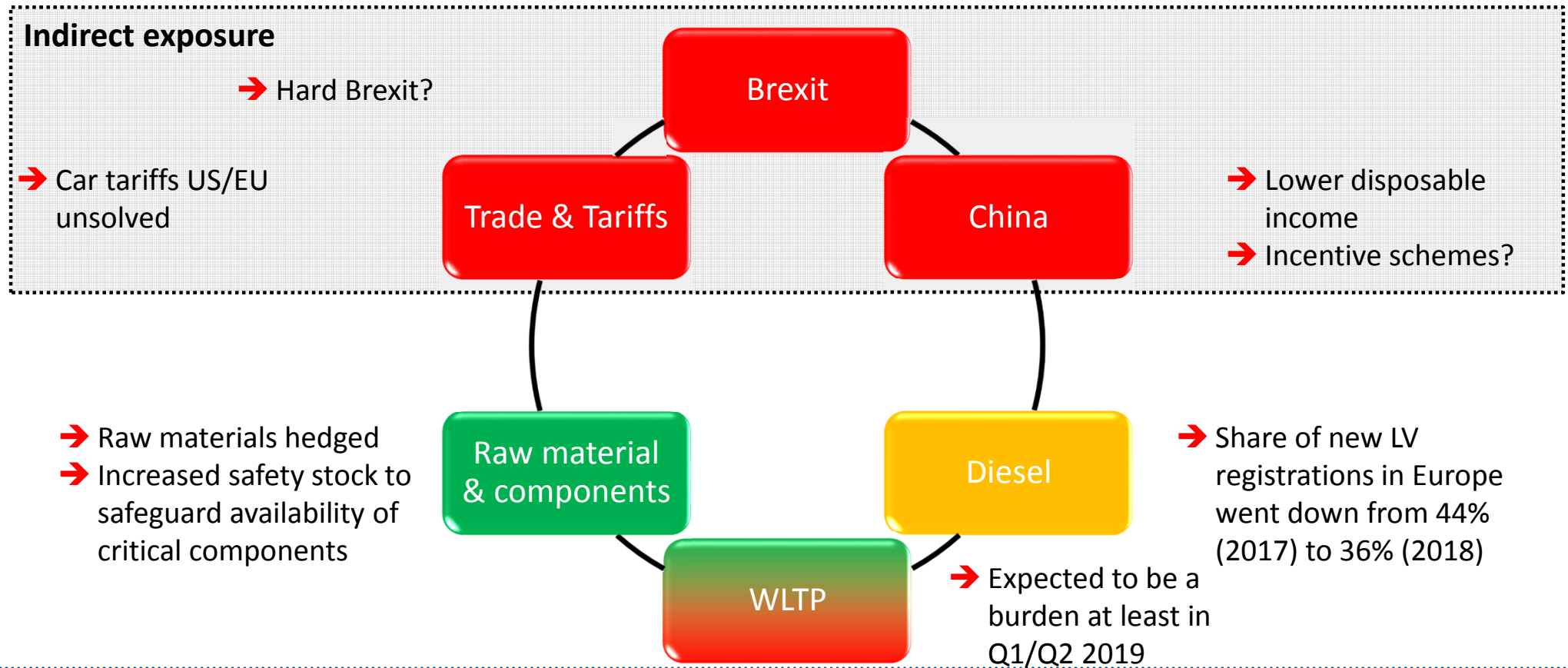
50/50 joint ventures with HASCO (SAIC group)				Wholly Foreign-Owned Enterprises (100% Rheinmetall Automotive)			JV subsidiary
Castings (KSHA)	Pistons (KSSP)	Castings (KPSNC)	Pumps (PHP)	Aftermarket	Pierburg	Large-bore pistons	Pumps (PMP Ch.)
2014	1997	2001	2012	2008	2009	2013	2012
Engine blocks and structural body parts	Pistons	Engine blocks, cylinder heads and structural body parts	Electrical and mechanical pumps	Spare parts	EGR modules and electric throttle bodies	Large-bore pistons	Electrical and mechanical pumps
Germany/ Europe	China			China			China



KSHA: KS Huayu Alutech GmbH, Neckarsulm | KPSNC: Kolbenschmidt Pierburg Shanghai Nonferrous Components Co., Ltd., Shanghai | PMP: Pierburg Mikuni Pump Technology (Shanghai) Corp., Shanghai  
 KSSP: Kolbenschmidt Shanghai Piston Co., Ltd., Shanghai | PHP: Pierburg Huayu Pump Technology Co., Ltd., Shanghai

# Outlook Automotive: 2019

## The risk map for Automotive has gained complexity



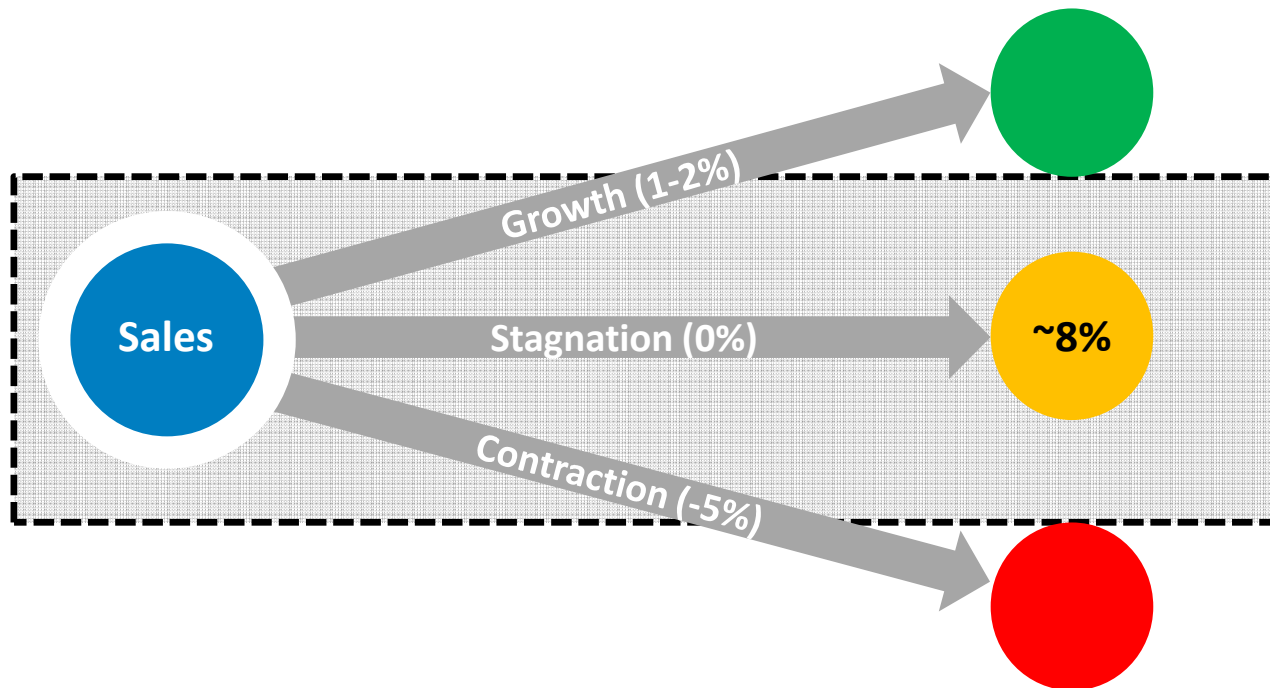
## Outlook Automotive: 2019 and mid-term

### Various instruments available to limit impact of negative markets

■ Sales scenarios

■ Impact on operating result

■ Possible measures



#### Short-term

- Reduction of leased work force
- Flexibility of working hours
- Prioritization of projects (internal)
- General cost saving programs (e.g. travel, marketing)
- No new hires (replacement or additional)

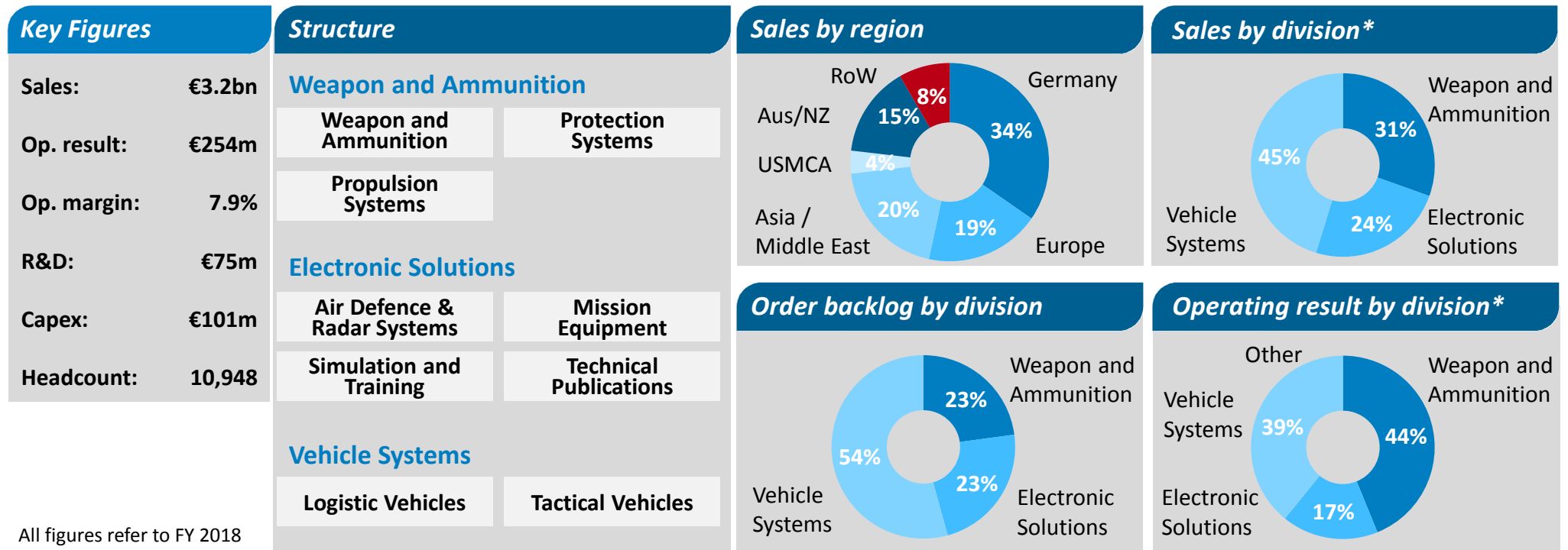
#### Structural

- Adjustment of capacities (e.g. line or plant closure)



**Defence – at the beginning of a “super cycle”**

# DEFENCE IS A LEADING SUPPLIER WITH AN INCREASING INTERNATIONAL PRESENCE.



All figures refer to FY 2018

\*unconsolidated



# TOP PRODUCTS PER DIVISION.

## WEAPON AND AMMUNITION



MID & LARGE CALIBER AMMO



WEAPONS



PROTECTION SYSTEMS

- ACTIVE
- PASSIVE
- SOFTKILL

## ELECTRONIC SOLUTIONS



MISSION EQUIPMENT



AIR DEFENCE & RADAR SYSTEMS

## VEHICLE SYSTEMS



LOGISTIC VEHICLES



TACTICAL VEHICLES

BOXER

PUMA

LEOPARD

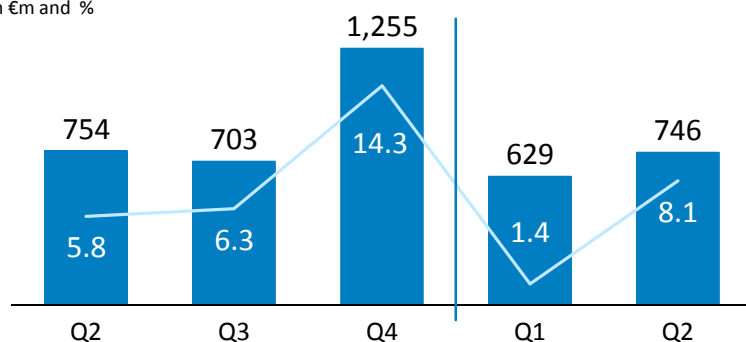
HX-FAMILY

## Q2 2019 Highlights: Defence

### Acceleration of profitability

#### Quarterly sales and margin development

In €m and %



#### Comments on quarterly performance

- Order intake of €501m lacking major orders, expected for H2
- Sales stable vs last year; FX not relevant
- Margin improvement of 230 bp
- OFCF improved due to better working capital management
- No P&L impact from acquisitions

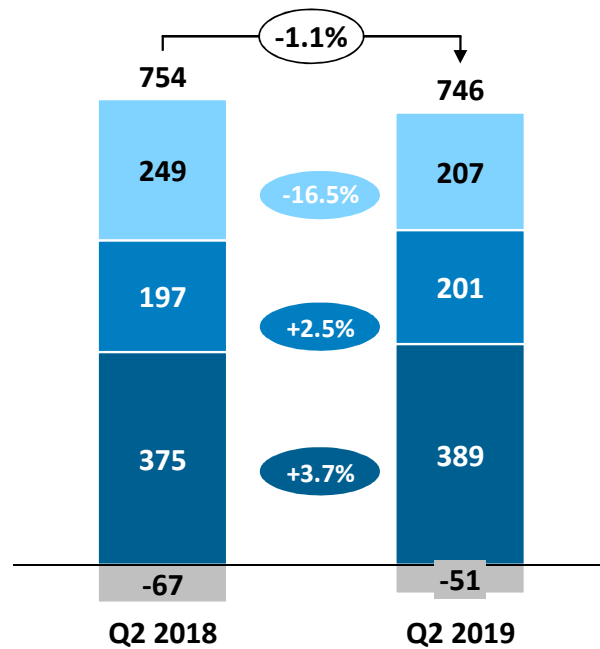
In €m

	Q2 2018	Q2 2019	Δ	YTD 2018	YTD 2019	Δ
Order intake	570	501	-12.1%	1,427	1,065	-25.4%
Sales	754	746	-1.1%	1,263	1,375	8.9%
Operating result	44	60	36.4%	31	69	122.6%
Operating margin in %	5.8%	8.1%	230 bp	2.5%	5.0%	250 bp
Operating Free Cash Flow	-171	-131	n.a.	-410	-224	n.a.
Operating FCF / Sales	-22.7%	-17.6%	510 bp	-32.5%	-16.3%	1,620 bp

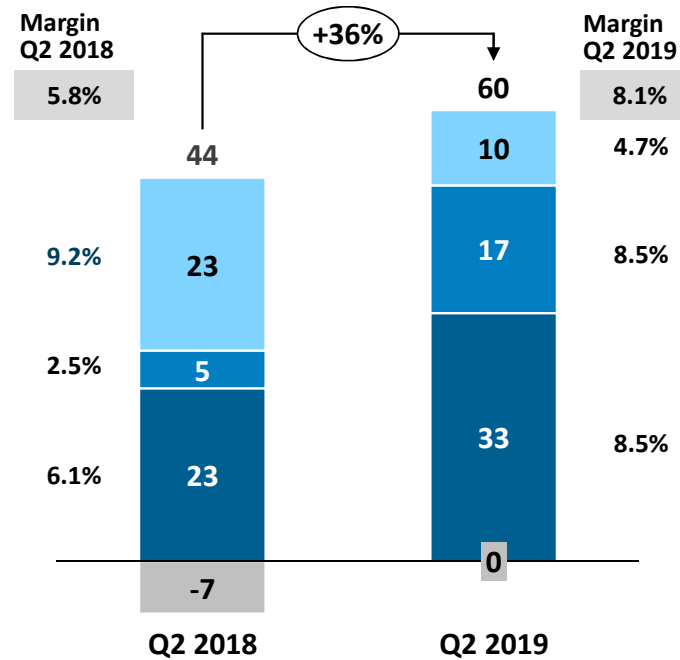
# Q2 2019 Highlights: Defence

## ES and VS with strong profitability gains

**Sales Defence**  
in €m



**Operating result Defence**  
in €m



■ Weapon & Ammunition 
 ■ Electronic Solutions 
 ■ Vehicle Systems 
 ■ Consolidation

**Weapon and Ammunition**

- Negative impact from ZA
- Slower sales due to missing German export approvals

**Electronic Solutions**

- Turnaround in Norway
- High order execution

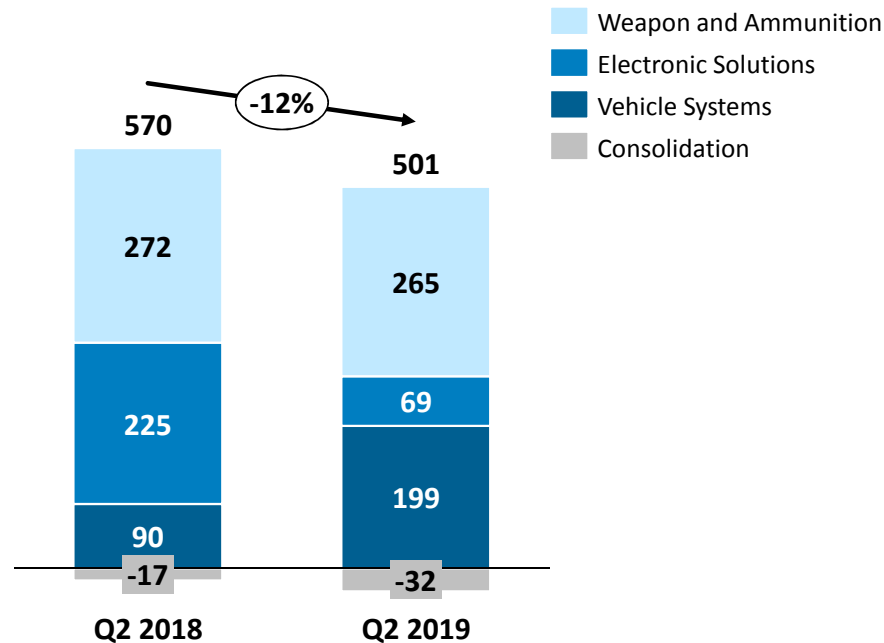
**Vehicle Systems**

- Good execution in logistical vehicle business
- High utilization of capacities

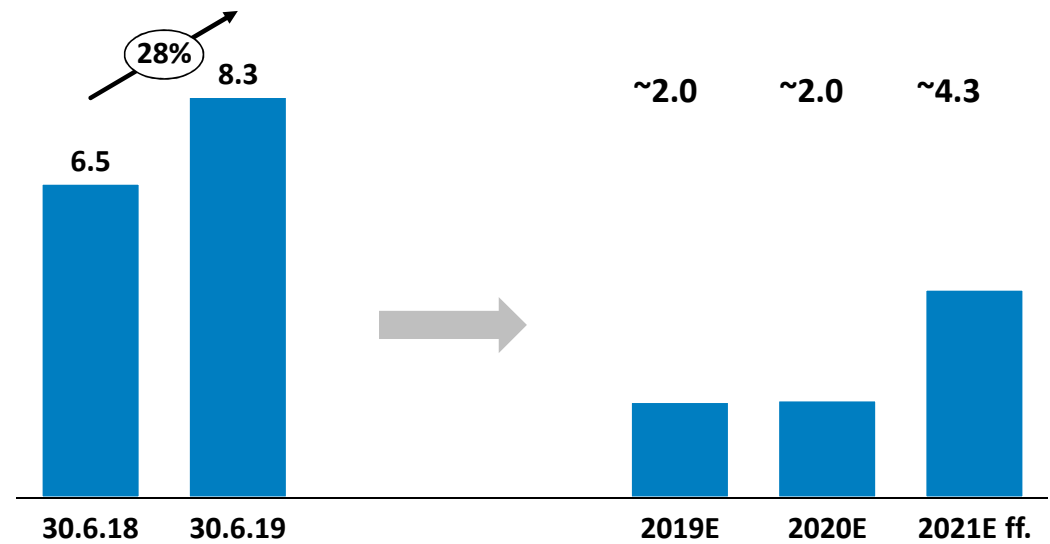
## Q2 2019 Highlights: Defence

Modest order intake due to project timing geared towards second half

■ Order intake by division  
in €m



■ Order backlog profile  
in €bn  
change in %



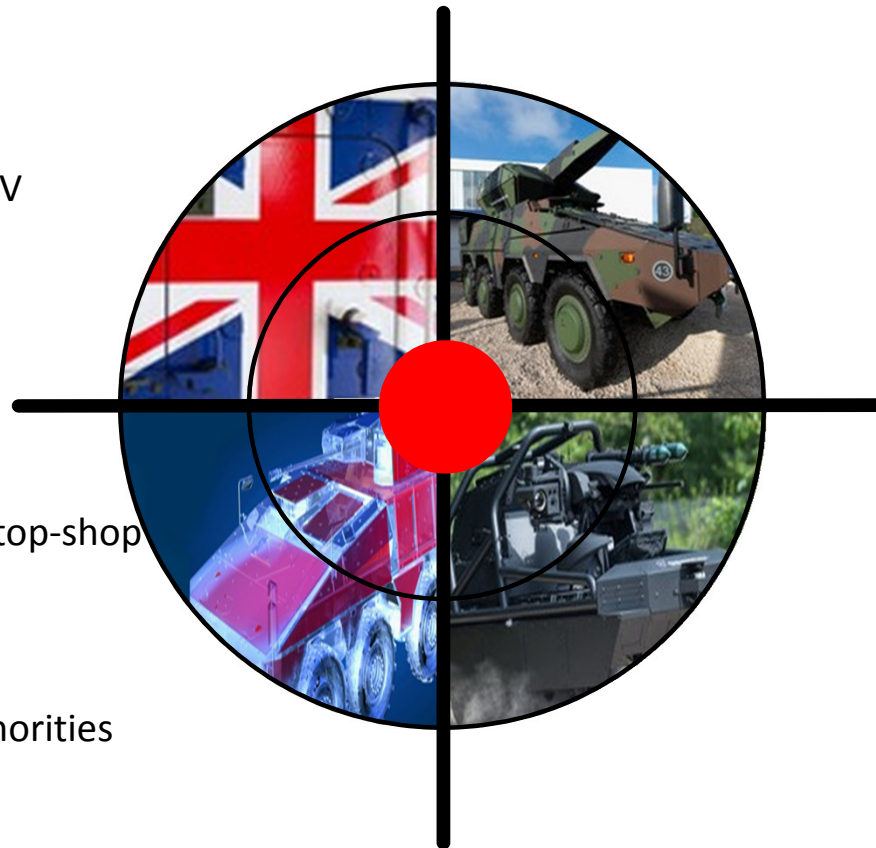
## Update on M&A

### ■ RBSL (UK)

- Leading supplier of land systems in Europe
- Acquisition of 55% stake in JV with BAE Systems
- Closing July 1<sup>st</sup>
- 45% minorities

### ■ IBD (D)

- Rheinmetall becomes one-stop-shop for protection technology
- Acquisition of IBD Group
- Closing June 1<sup>st</sup>
- Elimination of Chempro minorities



### ■ RMMV (D)

- Re-acquisition of tactical vehicles share to regain full control
- Closing expected in Q3'19
- Reduction of minorities

### ■ Provectus Robotics (CA)

- Integration of key technology for automated mobility (UGV)
- Closing June 1<sup>st</sup>
- 100% acquisition

1990

“Peace dividend”

DECLINING BUDGETS  
(ESPECIALLY IN THE WEST)

Downscaling  
of forces and  
armament

Out of  
area  
missions

INFLECTION  
POINT  
2014

Annexation of the Crimean peninsula

GLOBALLY RISING  
BUDGETS

NATO 2%  
target

Return to  
alliance and  
territorial  
defence

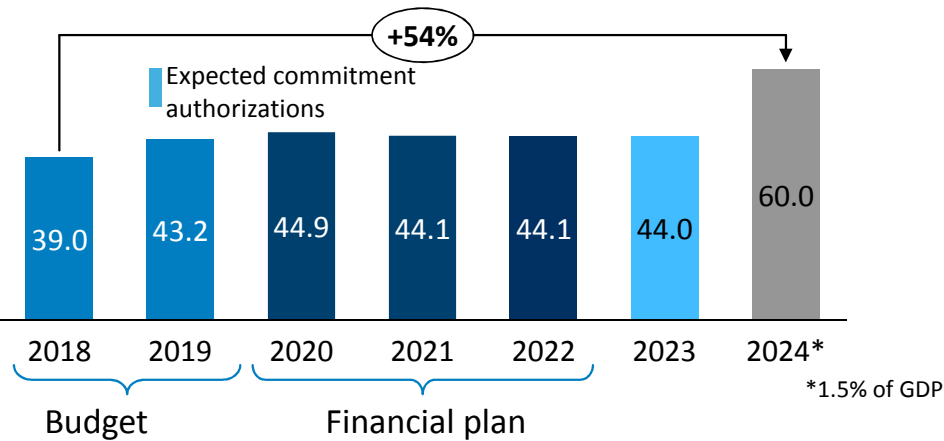
2035

Upscaling of  
forces and  
modernization

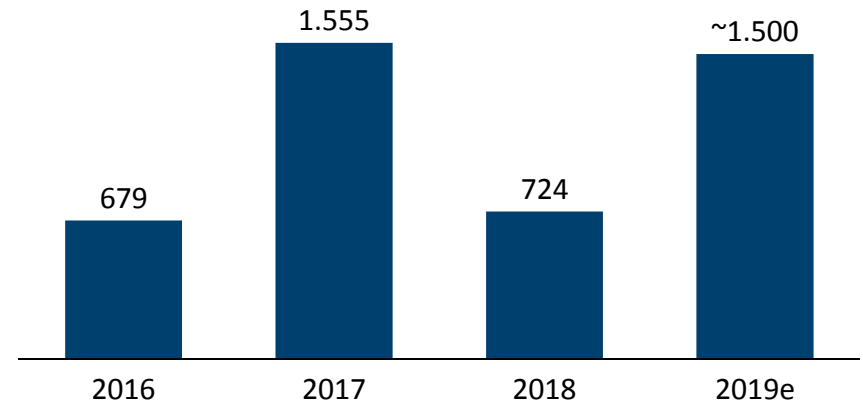
# German Defence

## Strong German commitment to 1.5% with increased demand starting in 2019

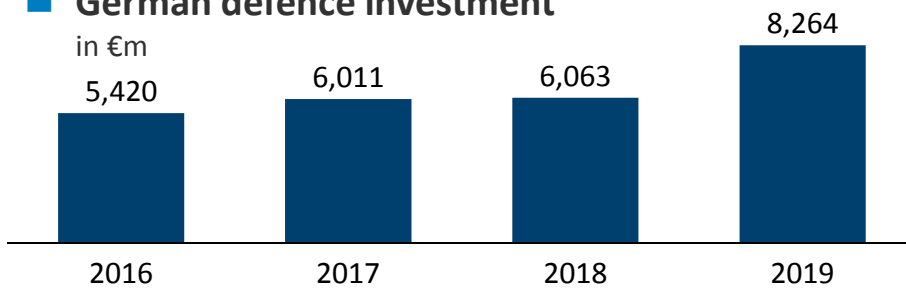
■ German defence expenditure  
in €bn



■ German order intake  
in €m



■ German defence investment  
in €m

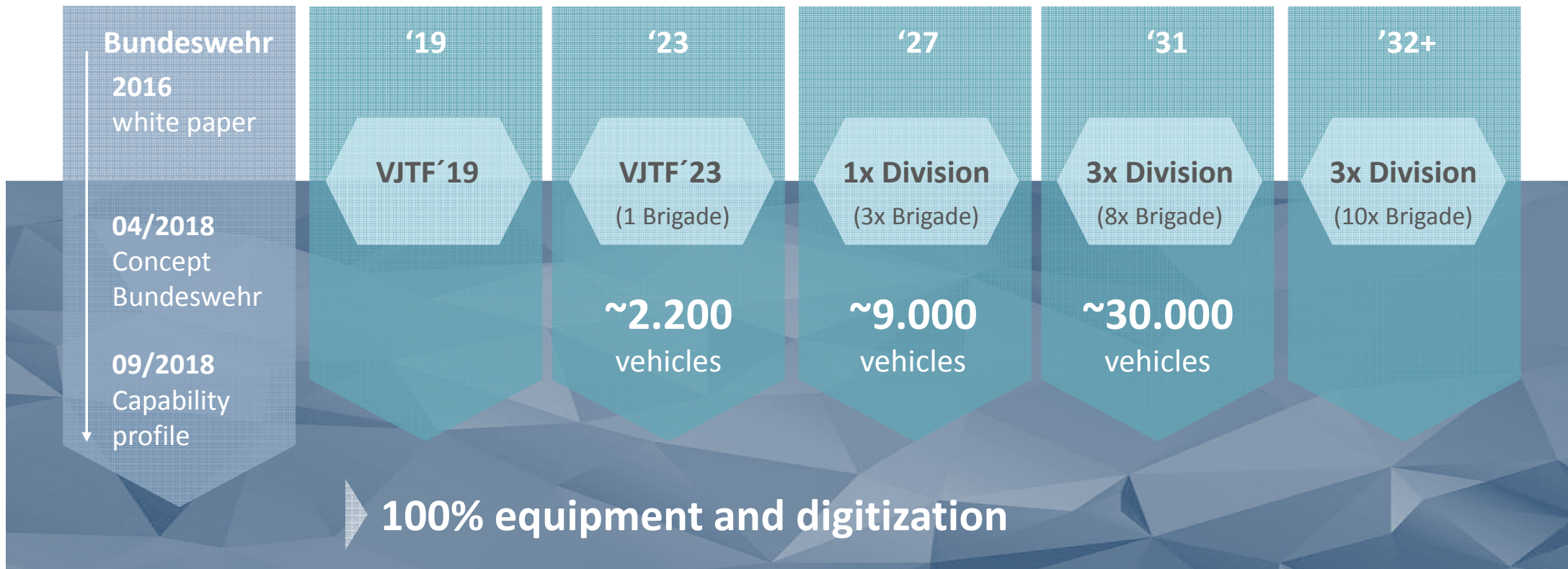


19.1% investment share in 2019 budget complies with NATO's 20% investment target

## German Defence

### NATO commitment key driver for German demand

Lead role in Very High Readiness Joint Task Force ( VJTF)





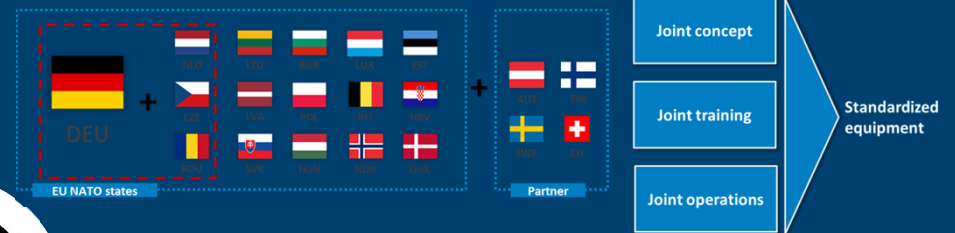
# German Defence

## Drivers behind budget increase

### “Turnarounds” in Germany

- Personnel:  
Mid-term return to 220,000 soldiers
- Material:  
100% equipment level and additional division
- Finance:  
Increase of defence budget 54% from 2018 to 2024

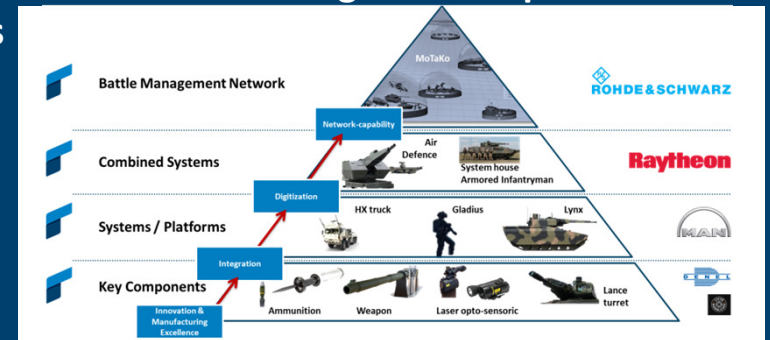
### Framework nation concept triggers standardization of equipment



### Enhanced future profile

- Anchor army for smaller neighbor armies
- Leading role in „enhanced Forward Presence“ in Lithuania
- Framework nation in „Very High Readiness Joint Task Force as of 2019
- Currently 14 international mandates

### Army 4.0: Rheinmetall integrates components to systems



# German Defence

## Additional structural demand of German army under discussion

### ■ Vehicles – mid-to-long term potential



FOX (400 vehicles)



Boxer (300-400 vehicles)



Trucks (> 10.000 vehicles)



Puma (~250 vehicles)

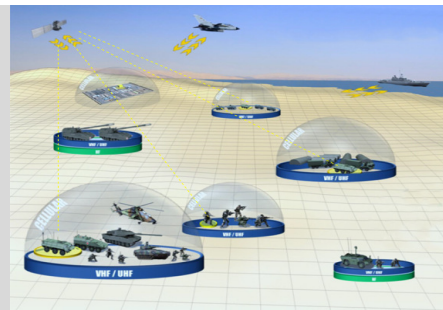
### ■ Equipment and ammunition – multi billion programs



NNBS (Short range air defence)



TLVS (Tactical air defence)



D-LBO (> €5 bn net) (MoTaKo)



Ammunition (~€2 bn net)

## Mission Australia

### Establishing a new “home market” down under

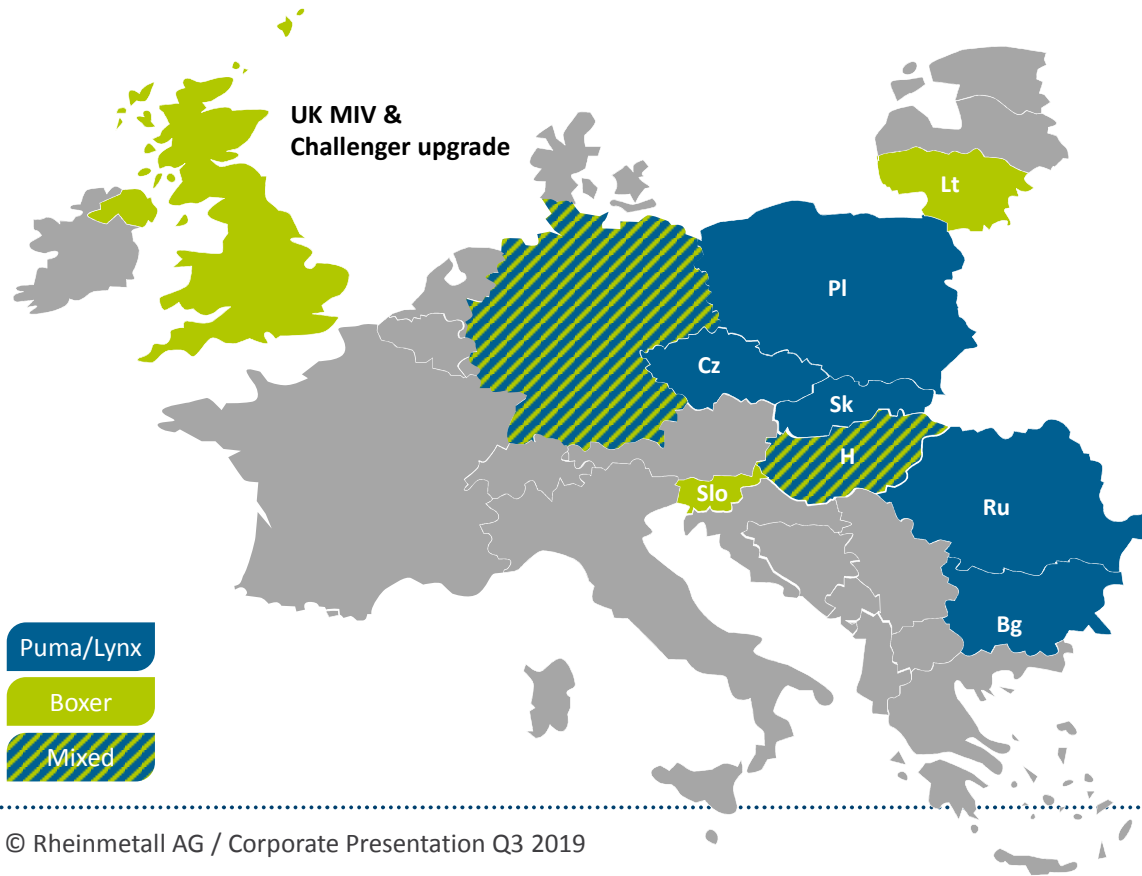


#### Australia timing and order size of Land programs

Trucks 1 <sup>st</sup> & 2 <sup>nd</sup> order ✓	2016-2024	€2.0bn & €0.4bn
Boxer CRV ✓	2019-2026	€2.1bn
Ammunition ✓	2018/19	€65m*
Lynx tender	2024-2031	€4-5bn

\*initial assessment, option for 5 year contract

# EUROPEAN DEFENCE. CURRENT OR EXPECTED TENDERS TACTICAL VEHICLES.



## Drivers for European vehicle programmes

- Return to territorial and alliance defence
- Standardization of NATO equipment
- Modernization and upgrades

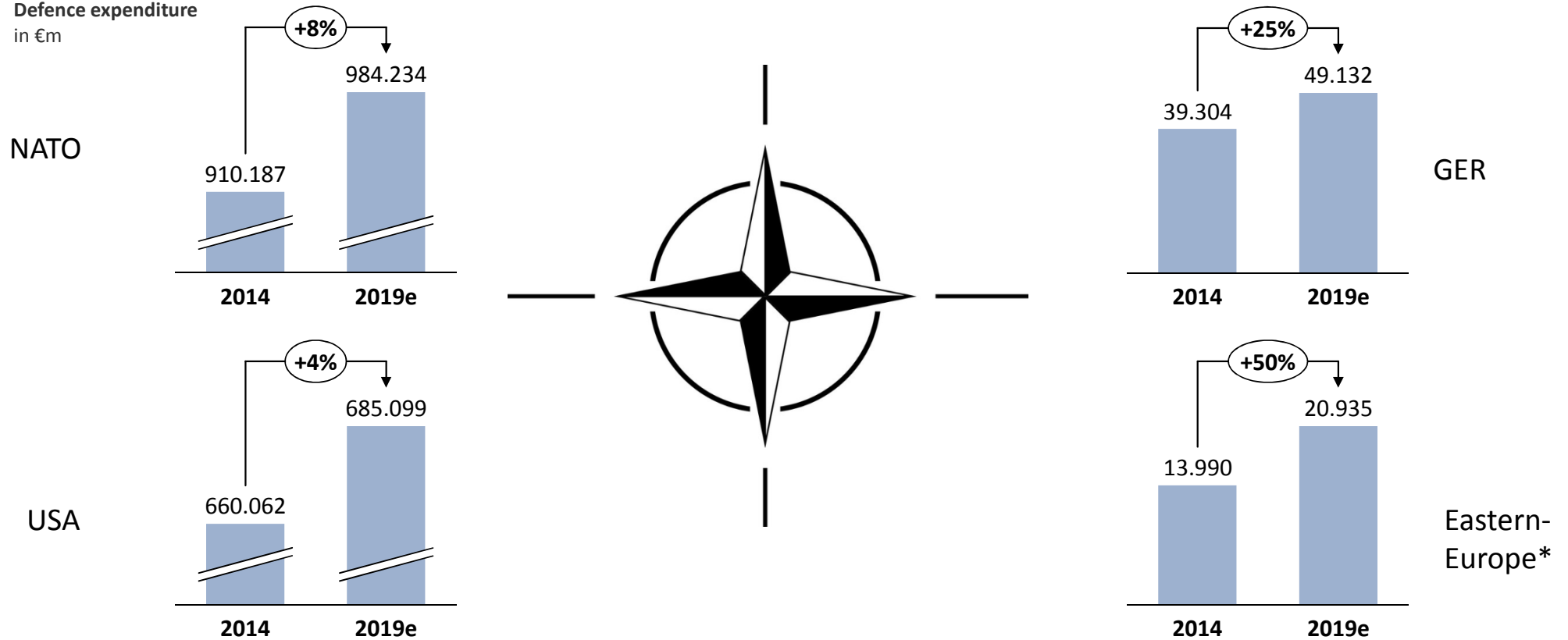
## Estimate for European tactical vehicles demand (number of vehicles)

	Germany	Rest of Europe
<b>Tracked</b>	~250	>600
<b>Wheeled</b>	700-800	>900

## European Defence

### Eastern Europe Nato members increased spending by 50%

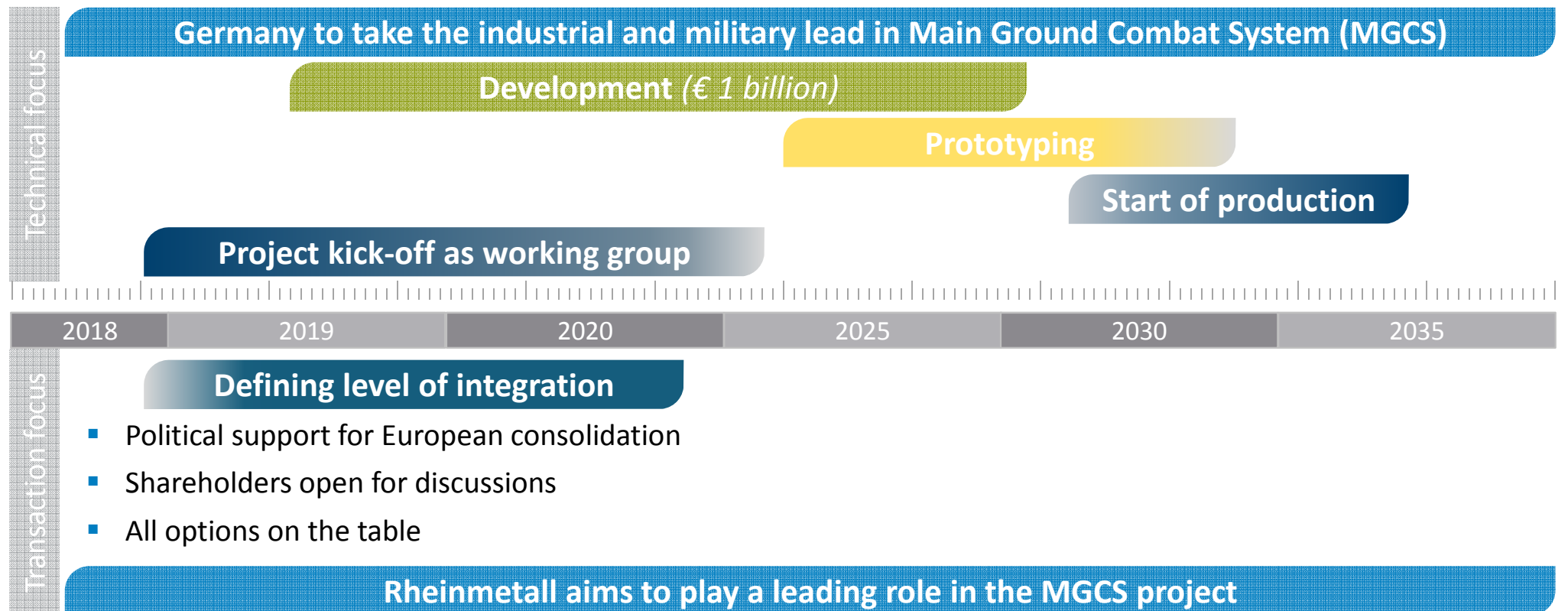
■ Defence expenditure in €m



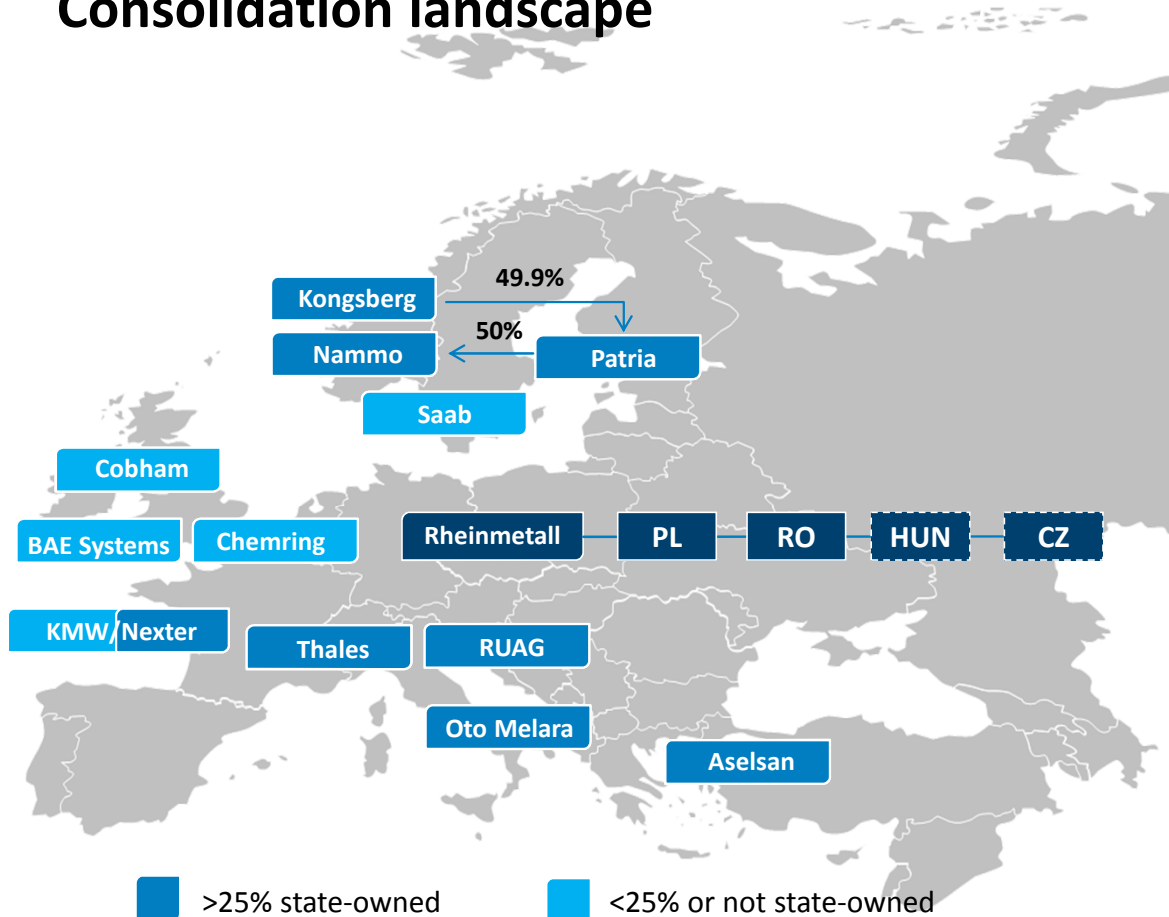
\*Including: Poland, Bulgaria, Hungary, Romania, Lithuania, Croatia, Latvia

## European Defence

### Future Main Battle Tank system MGCS will be a milestone for the industry



# European Defence Consolidation landscape



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

**Rheinmetall’s approach:**

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

# Defence International

## Creation of new hubs in 2018

CANADA

SKANDINAVIA

EASTERN EUROPE

New

GREAT BRITAIN

POLAND

USA

NETHERLANDS

New

MIDDLE EAST

NORTH AFRICA

ASIA

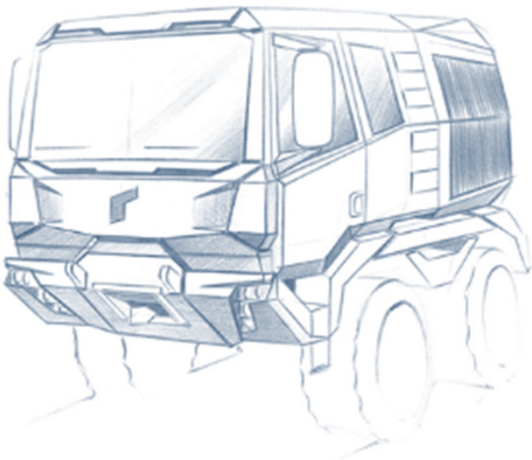
SOUTH AFRICA

AUSTRALIA



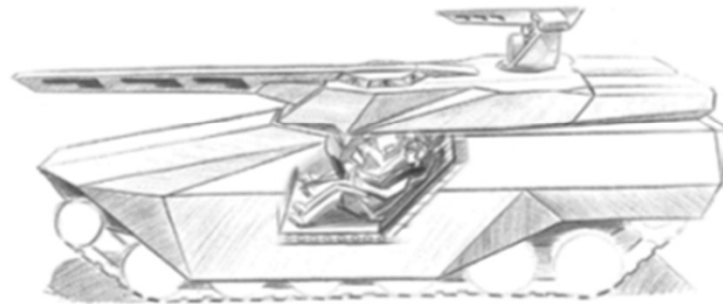
## Innovations

### Demand-driven product development and targeted cooperations



#### New logistical platforms

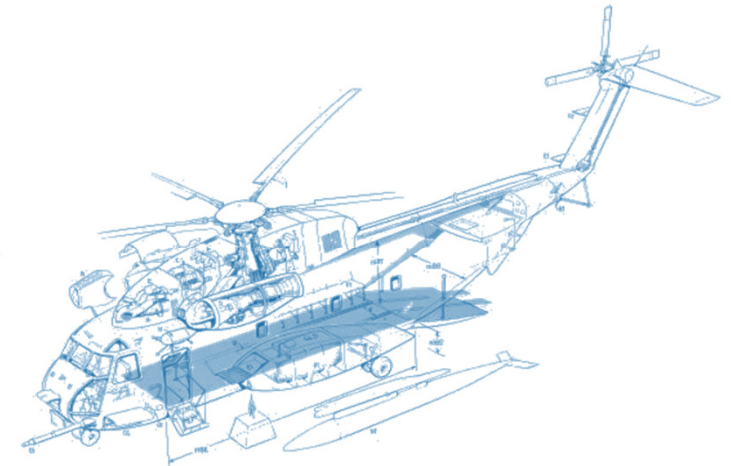
Groundbreaking sub-systems



#### New tactical platforms

Innovative weapon and ammunition

Digitized command and reconnaissance



#### New business models

New cooperations with  
Sikorsky, Raytheon

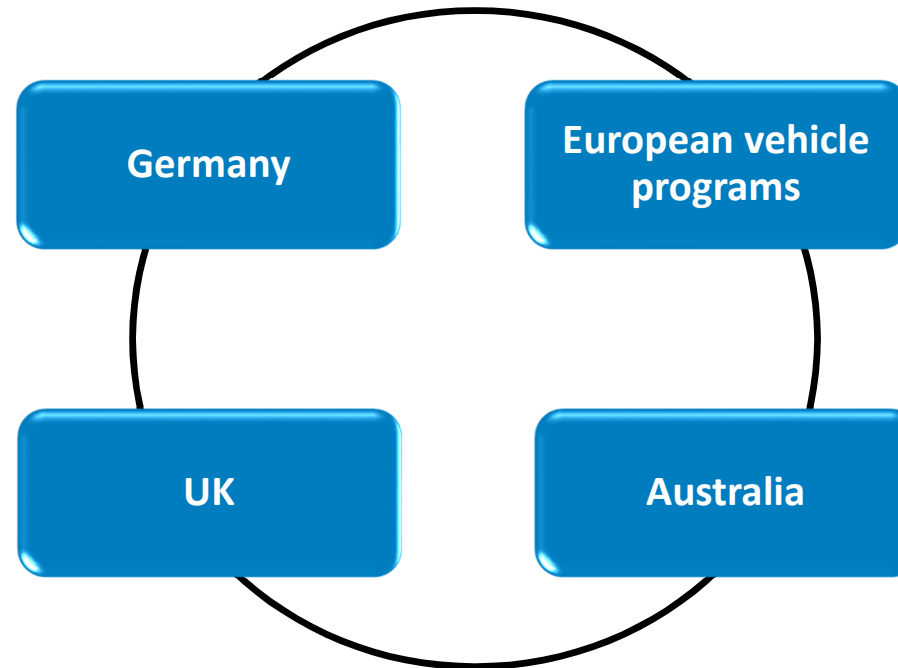
## Outlook Defence: 2019

### Solid pipeline of projects in our home markets

#### ■ Key projects and potentials

- Participation in budget increase
- German order entry (~€1.5bn)

- Challenger life extension, expected 2020 (€0.8 – 1.2bn)
- UK Boxer expected end of 2019 (~€1bn]





- Czech Republic: Lynx (€1 – 1.5bn)
- Hungary: Boxer/Lynx (~€2bn)
- Hungary: Leopard & tank howitzer sub contract (€0.3 – 0.4bn)
- Land 400 Phase 3 (2022; €4 – 5bn)



# GROUP APPENDIX

## Select key data: outlook 2019

Rheinmetall Group		Automotive		Defence
In % (Previous Year)				
Holding cost	~€25-30m (€24m)	Capex	5.5-6% (5.5%)	3.5-4.5%(3.1%)
		(w/o IFRS 16)		
Tax rate	Comparable level (27%)	D&A	~5.5% (5.3% reported, scheduled 5.2%)	3-3.5% (4.8% reported, scheduled D&A 3.7%)
Interest result	~-€40m (-€33m)	R&D	5-6% (5.4%)	2-2.5% (2.3%)

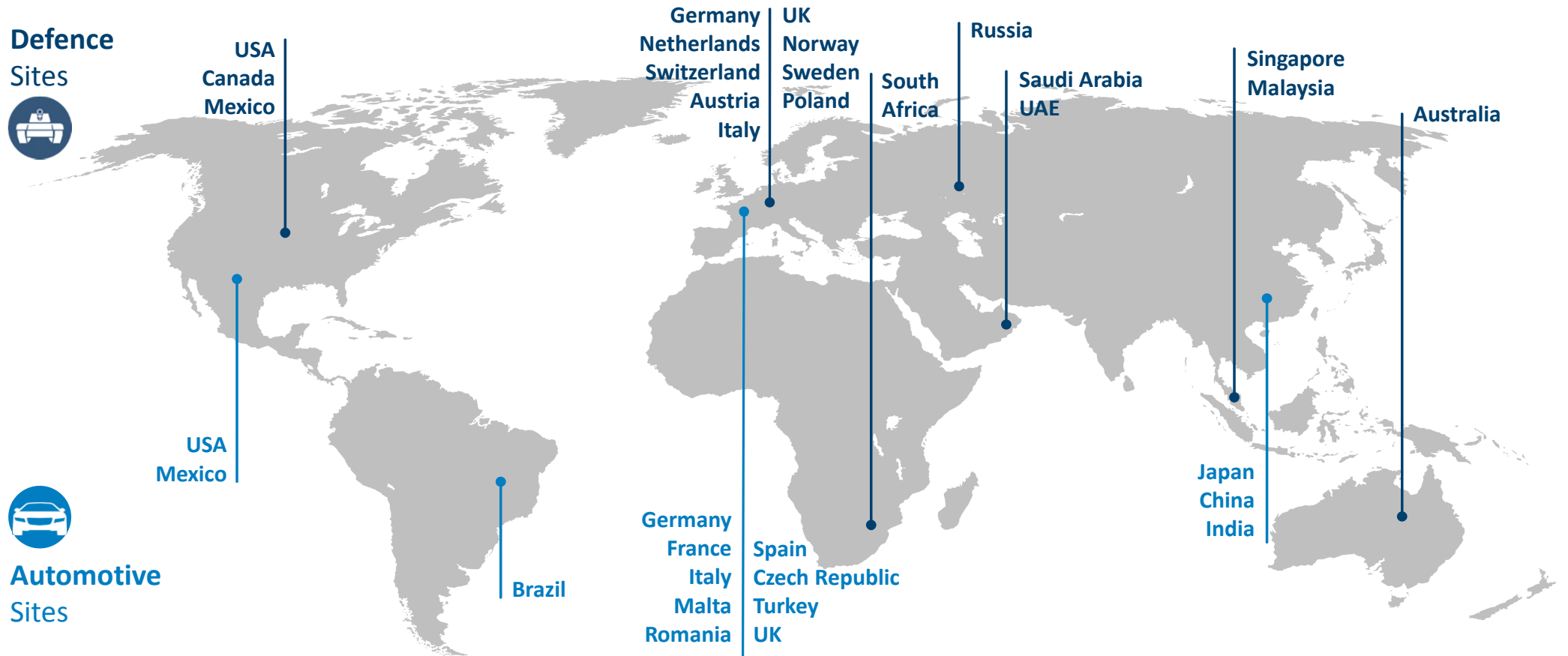
## Group 2014 – 2018: Key figures (as reported)

in €m		2014	2015	2016	2017	2018
Balance sheet	Total assets	5,271	5,730	6,150	6,101	<b>6,759</b>
	Shareholder's equity	1,197	1,562	1,781	1,870	<b>2,172</b>
	Equity ratio (in %)	22.7	27.3	29.0	30.7	<b>32.1</b>
	Pension liabilities	1121	1,128	1,186	1,080	<b>972</b>
	Net financial debt	-330	-81	19	230	<b>-31</b>
	Net gearing (in %)	27.6	5.2	-1.1	-12.3	<b>1.4</b>
Income statement	Sales	4,688	5,183	5,602	5,896	<b>6,148</b>
	Operating result	160	287	353	400	<b>492</b>
	Operating margin (in %)	3.4	5.5	6.3	6.8	<b>8.0</b>
	EBITDA	299	490	581	626	<b>836</b>
	EBIT	102	287	353	385	<b>518</b>
	EBIT margin (in %)	2.2	5.5	6.3	6.5	<b>8.4</b>
	EBT	22	221	299	346	<b>485</b>
	Net income	21	160	215	252	<b>354</b>
	Earnings per share (in EUR)	0.47	3.88	4.69	5.24	<b>7.10</b>
	Dividend per share (in EUR)	0.3	1.1	1.45	1.70	<b>2.10</b>
	ROCE (in %)	3.9	10.1	12.3	13.8	<b>17.1</b>
Cash flow statement	Free cash flow from operations	-182	29	161	276	<b>-35</b>
Headcount	Employees (Dec 31) according to capacity	20,166	20,676	20,993	21,610	<b>22,899</b>

## Segments 2014 – 2018 Key figures

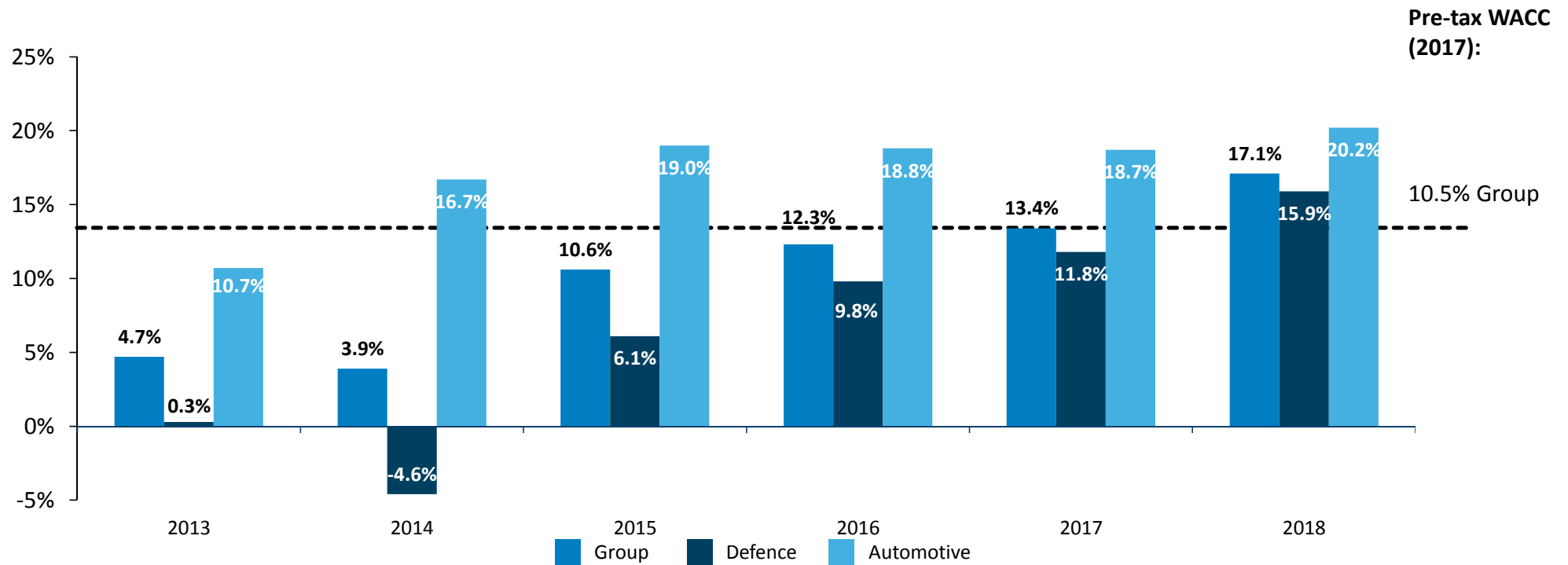
AUTOMOTIVE								DEFENCE				
2014	2015	2016	2017	2018	in €m			2014	2015	2016	2017	2018
2,466	2,621	2,670	2,922	<b>2,889</b>	Order intake			2,812	2,693	3,050	2,963	<b>5,565</b>
416	445	459	520	<b>478</b>	Order backlog (Dec. 31)			6,516	6,422	6,656	6,415.8	<b>8,577</b>
2,448	2,592	2,656	2,861	<b>2,930</b>	Sales			2,240	2,591	2,946	3,036	<b>3,221</b>
184	216	223	248.8	<b>262</b>	Operating result			-9	90	147	174	<b>254</b>
7.5	8.3	8.4	8.7	<b>8.9</b>	Operating margin (in %)			-0.4	3.5	5.0	5.7	<b>7.9</b>
295	332	356	366.8	<b>420</b>	EBITDA			17	175	239	268	<b>403</b>
184	216	223	227	<b>265</b>	EBIT			-67	90	147	172	<b>247</b>
7.5	8.3	8.4	7.9	<b>9.0</b>	EBIT margin (in %)			-3	3.5	5.0	5.7	<b>7.7</b>
158	167	149	154	<b>161</b>	Capex			76	96	95	89	<b>87</b>
34	96	105	106	<b>26</b>	OFCF			-132	-38	103	238	<b>-29</b>
10,830	10,934	10,820	11,166	<b>11,710</b>	Employees (Dec 31) according to capacity			9,184	9,581	10,002	10,251	<b>10,948</b>
1,322	1,450	1,527	1,621	<b>1,664</b>	Mechatronics	Sales	Weapon & Ammunition	977	881	1,112	1,175	<b>1,056</b>
96	119	142	176	<b>171</b>		EBIT		-4	74	108	117	<b>121</b>
7.3	8.1	9.3	10.9	<b>10.3</b>		EBIT margin		-0.4	8.4	9.7	10.0	<b>11.5</b>
934	952	921	968	<b>989</b>	Hardparts	Sales	Electronic Solutions	705	759	745	691	<b>839</b>
72	73	62	60	<b>65</b>		EBIT		-53	26	25	20	<b>47</b>
7.7	7.7	6.7	6.2	<b>6.6</b>		EBIT margin		-7.5	3.4	3.4	2.9	<b>5.6</b>
269	285	305	359	<b>367</b>	Aftermarket	Sales	Vehicle Systems	667	1,195	1,392	1,480	<b>1,568</b>
26	27	27	33	<b>36</b>		EBIT		-9	3	29	53.2	<b>108</b>
9.7	9.5	8.9	9.2	<b>9.8</b>		EBIT margin		-1.4	0.3	2.1	3.6	<b>6.9</b>

# More than 100 production sites and offices on all continents



# Continuing ROCE improvement

■ ROCE  
in %





## Board remuneration based on three building blocks

Annual target salary (100%)		
Fixum (60%)	Performance-related variable remuneration (40%)	
<ul style="list-style-type: none"> <li>Twelve equal portions of monthly payments</li> </ul> <p>Fringe benefits:</p> <ul style="list-style-type: none"> <li>Pension insurance (or comparable)</li> <li>Company car</li> </ul>	<ul style="list-style-type: none"> <li>Short term incentive</li> </ul> <ul style="list-style-type: none"> <li>KPI: EBT, ROCE (each 50%)</li> <li>Reference: Budget</li> <li>Range: 0 - 200%</li> <li>Escalators: 0% - &lt;70% - &lt; 110% 0% linear to max. 200%</li> <li>Payout: cash</li> </ul>	<ul style="list-style-type: none"> <li>Long-term incentive</li> </ul> <ul style="list-style-type: none"> <li>KPI: Average adjusted EBT of the last three years (EBT capped at €300m)</li> <li>Payout: In shares and cash* with 4 year lock-up period</li> </ul> <p><small>*for related tax payments</small></p>

# ESG

## High importance for Rheinmetall

### Environment



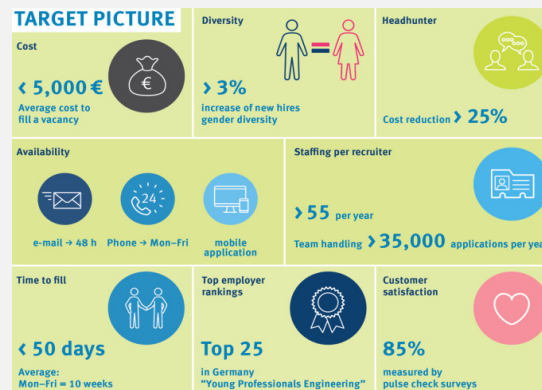
- **Reduction of the ecological footprint**
  - Decrease of energy needed
  - Selective use of raw materials
- **„Road to 95“ and E-mobility**
  - Our products increase fuel efficiency
  - New e-bike, e-motor and battery pack
- **Support of conservation**
- **Transformation of the former production site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



### Social



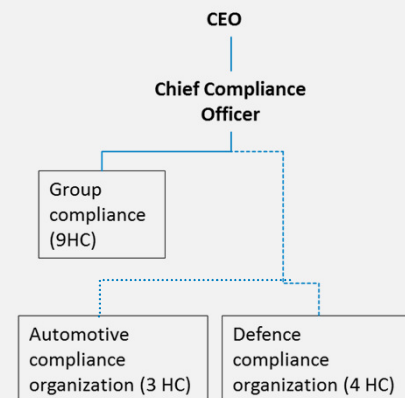
- **Clear statement against cluster munition**
- **Promoting education and training**
- **Support of gender diversity**
  - Women in management
- **Workforce**
  - Integration of refugees via apprenticeships
  - Support of employee families



### Governance



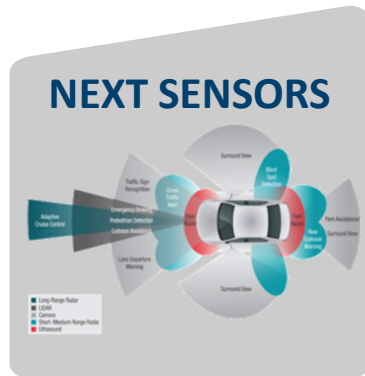
- **Transparency towards customer, investors and other stakeholder**
- **Non-compliant business behavior is unacceptable**
- **Zero tolerance of corruption and fraud**
- **Central Compliance Management System**
  - Employee awareness initiative



# RHEINMETALL TECHNOLOGY CLUSTER. TOP FIVE TECHNOLOGY CLUSTER IDENTIFIED



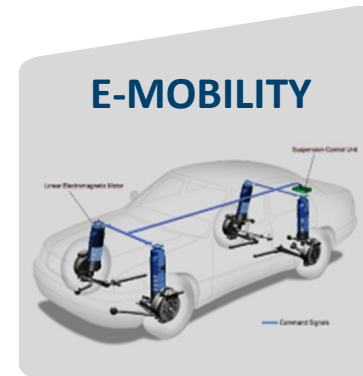
- Advanced assistant systems for driving, sensing, protection and weaponing



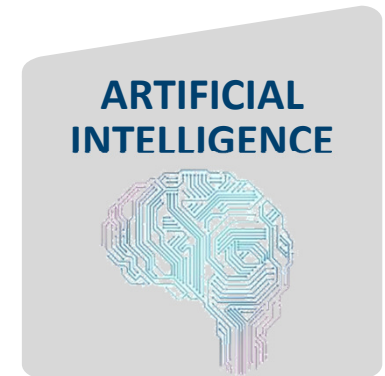
- New, digitalized vehicle architectures
- Virtual prototyping and digital twins
- System / health monitoring, predictive maintenance, logistics



- New LIDAR\* / Radar sensors
- Resistant to jamming / spoofing
- Next generation IR sensors



- Hybrid drive
- E-drive
- Micro mobility



- AI supported technologies
  - to handle complex situations
  - for decision support
  - for information superiority

\*LIDAR=light detection and ranging

# Investor Relations

## Next events and contacts

### ■ Next Events

Commerzbank Conference, Frankfurt	28 August
RS East Coast	17/18 September
Berenberg Conference, Munich	24/25 September
Berenberg Conference, Pennyhill	4 December
Q3 Earnings release	7 November
Capital Markets Day 2019, Unterlüß	19/20 November

### ■ Quick link to documents

Corporate Presentation



Interim Reports



Annual Reports



### ■ IR Contacts

#### **Dirk Winkels**

Head of Investor Relations  
Tel: +49-211 473-4749  
Email: dirk.winkels@rheinmetall.com

#### **Rosalinde Schulte**

Investor Relations Assistant  
Tel: +49-211 473-4718  
Email: rosalinde.schulte@rheinmetall.com

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