



Rheinmetall Group Corporate Presentation

November 2020

MOBILITY. SECURITY. **PASSION.**

Rheinmetall Group

Mobility and security form the DNA of the business model

RHEINMETALL GROUP

INTEGRATED TECHNOLOGY GROUP FOR SECURITY AND MOBILITY

Business
Model

Automotive *Our heart beats for your engine*

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

Defence *Force protection is our mission*

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

Market
driver

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

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

Rheinmetall Group

Highlights

Group performance indicator

Grow sales
around 8%

~8% op.
margin

Targeted 2-4%
Cash on sales

30-35%
payout ratio

Strategy roadmap

Organic
growth

International
expansion

Leading by
innovations

Targeted
acquisitions

RHEINMETALL GROUP

AUTOMOTIVE *Our heart beats for your engine*

Op. margin
6.7%

€2,736m
€184m
*€447m
11,405

44%
35%
49%

2019

Sales
Oper. Result
Order backlog
Headcount**

DEFENCE *Force protection is our mission*

56%
65%
51%

€3,522m
€343m
€10,399m
12,100

Op. margin
9.8%

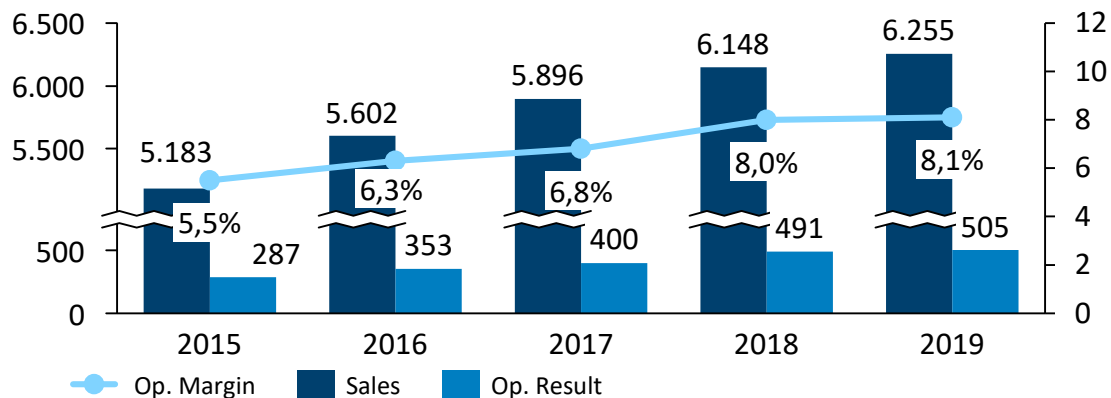
* Short-term; **Headcount at capacities;

Rheinmetall Group

Financial overview - Growth in all relevant KPI

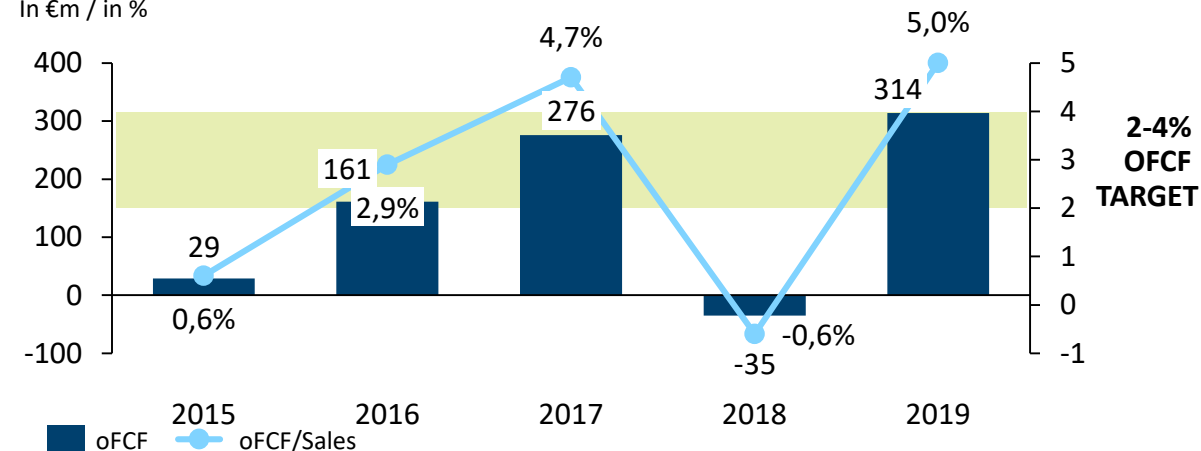
Sales, operating result and operating margin

In €m



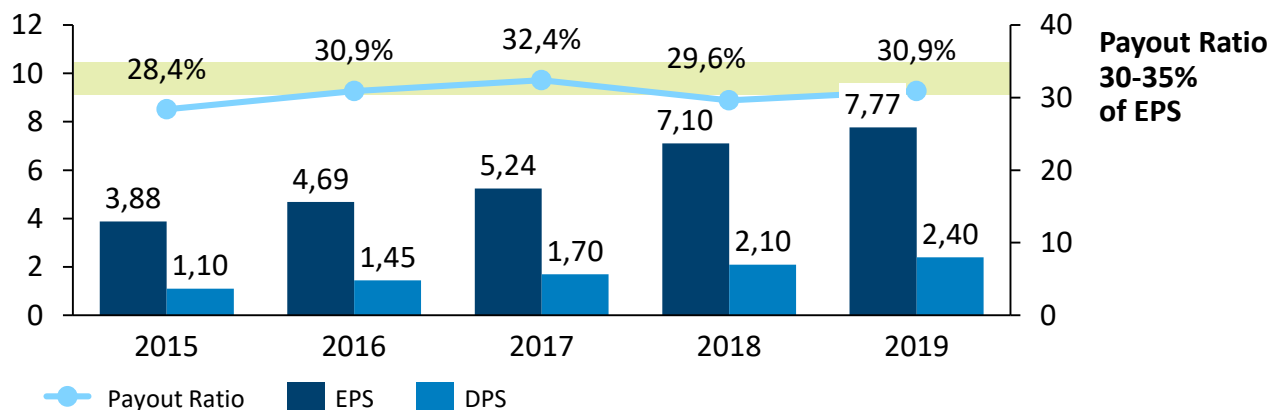
Operating FCF and operating FCF to Sales

In €m / in %



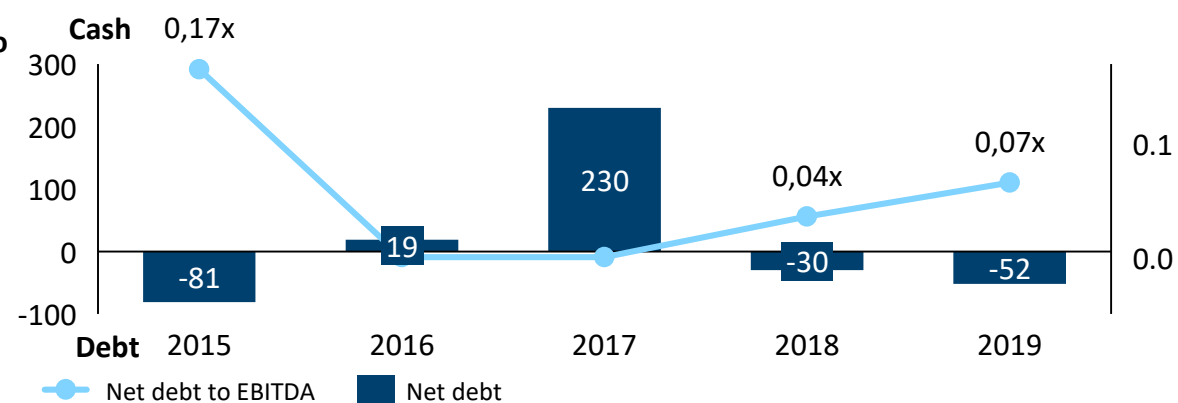
Earnings and dividend per share

In € / in %






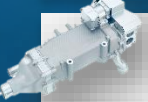

Net financial debt and Net debt to EBITDA

In €m



Rheinmetall Automotive Products per division



MECHATRONICS

-  PUMP TECHNOLOGY
-  AUTOMOTIVE EMISSION SYSTEMS
-  SOLENOID VALVES
-  COMMERCIAL DIESEL SYSTEMS
-  ACTUATORS

HARDPARTS

-  SMALL BORE PISTONS
-  BEARINGS
-  LARGE BORE PISTONS
-  CASTINGS

AFTERMARKET

-  HARDPARTS
-  MECHATRONICS



Rheinmetall Defence Products per division

WEAPON AND AMMUNITION



MID & LARGE CALIBER AMMO



MID & LARGE CALIBER WEAPONS



PROTECTION SYSTEMS

- ACTIVE
- PASSIVE
- SOFTKILL

ELECTRONIC SOLUTIONS



INTEGRATED ELECTRONIC SYSTEMS



AIR DEFENCE & RADAR SYSTEMS

TECHNICAL PUBLICATIONS

VEHICLE SYSTEMS

HX-FAMILY



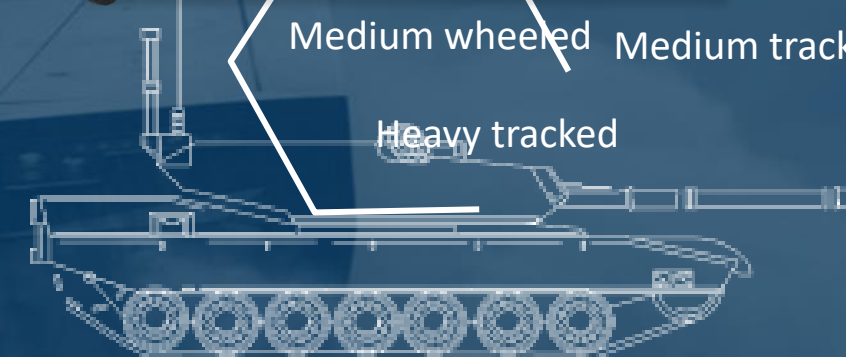
TACTICAL VEHICLES



LOGISTIC VEHICLES

Medium wheeled Medium tracked

Heavy tracked



One Rheinmetall

Realization of growth in changing market conditions



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

One Rheinmetall Phase I

Initiatives addressing culture
and cooperation
2016-2018

One Rheinmetall Phase II

Focus on technologies
2018 ff.

One Rheinmetall Phase III

Commercialization
starting 2021



Automotive – A changing world

Automotive

Leading technology and market positions

Key Figures 2019

Sales: €2.7bn

Op. result: €184m

Op. margin: 6.7%

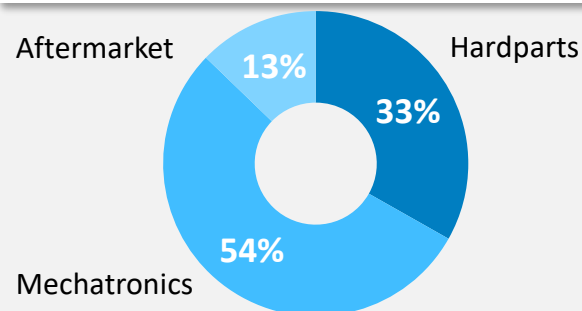
Op. FCF: €73m

R&D: €143m

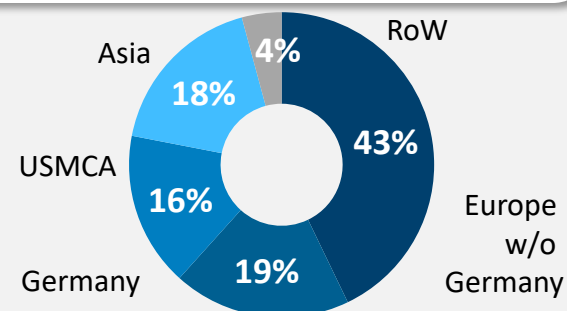
Capex: €163m

Headcount: 11.405

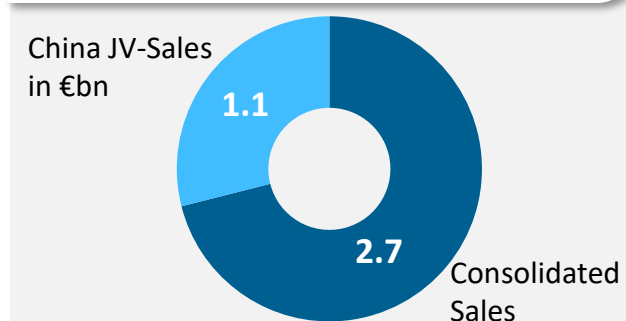
Sales by division*



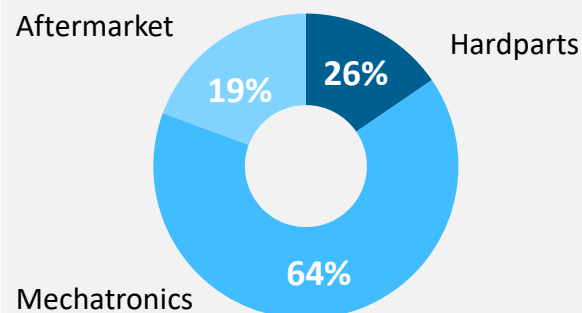
Sales by region



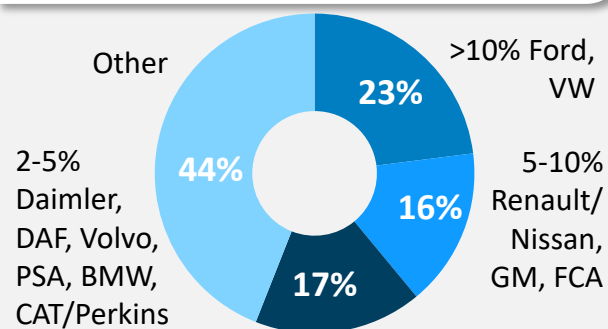
Sales Total Management View



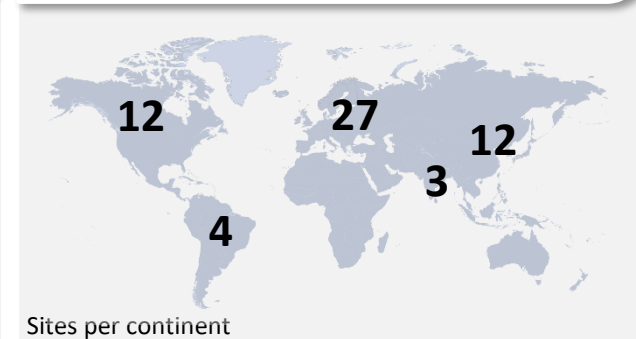
Operating result by division*



Sales by customer



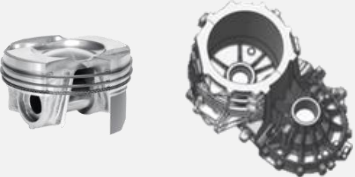

Global set up



*unconsolidated

Automotive

Leading technology and market positions

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

Automotive overview

Product portfolio by division and engine type

MECHATRONICS

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

HARDPARTS

- STEEL PISTONS
- ALU PISTONS
- ENGINE BEARINGS
- ENGINE BLOCKS
- NON-ENGINE POLYMER BEARINGS
- STRUCTURAL PARTS
- E-Motor HOUSING
- BATTERY BOXES
- Carbon TT**
25% Share Carbon TT

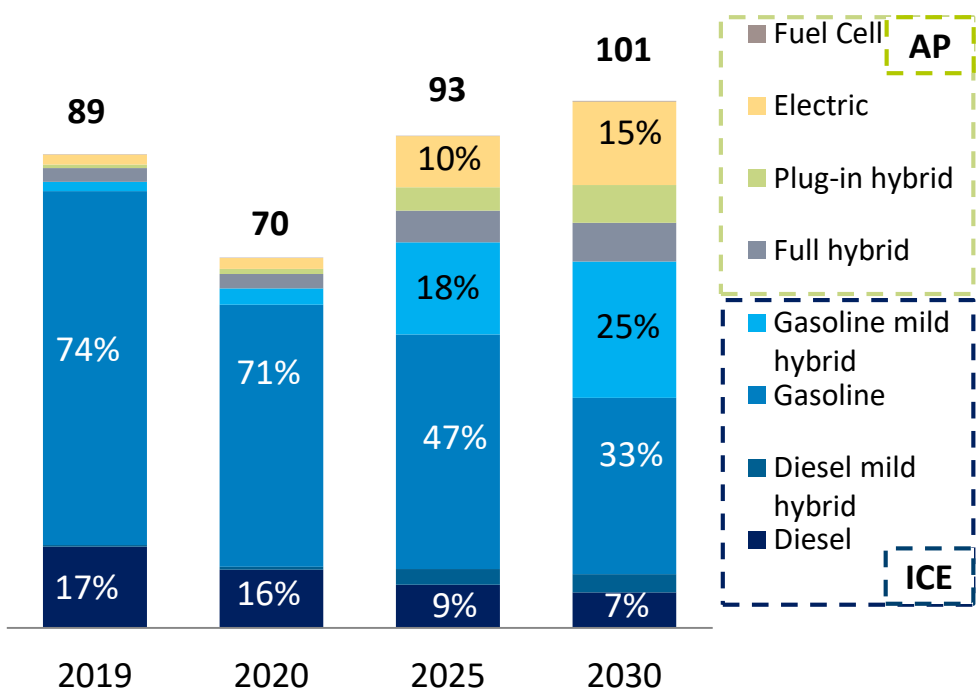
ICE

EV / FUEL CELL

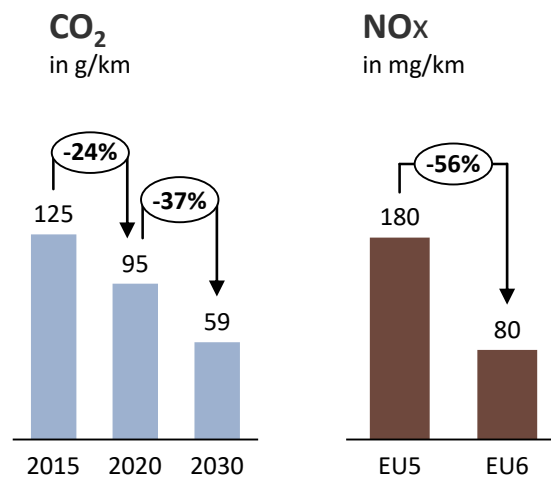
Drivers for growth

Rising global fleet and regulatory restrictions are supporting our growth

■ LV production forecast* [mUnits]

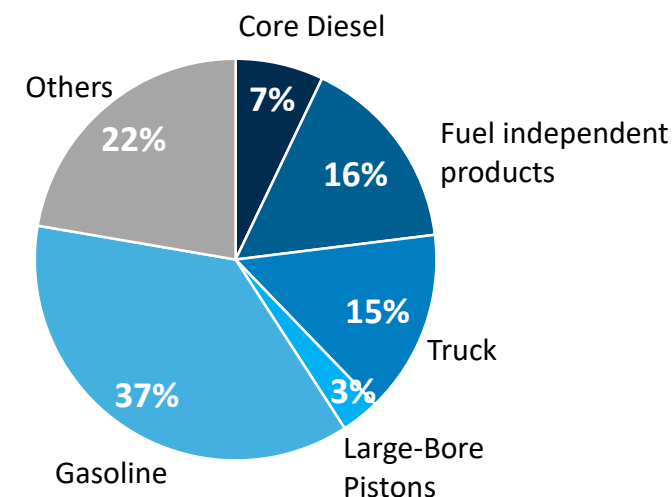


■ Further regulatory pressure***



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

■ Automotive sales distribution by engine type**



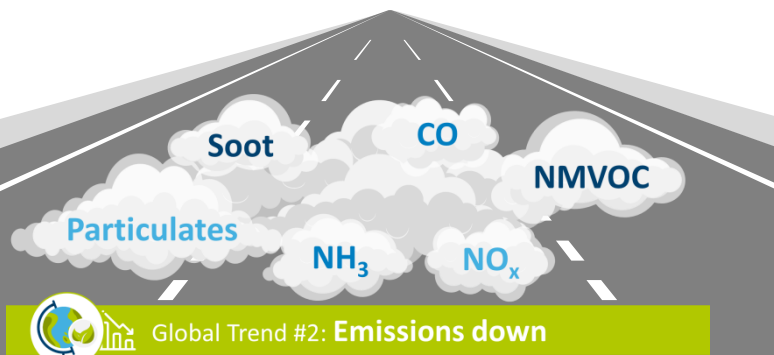
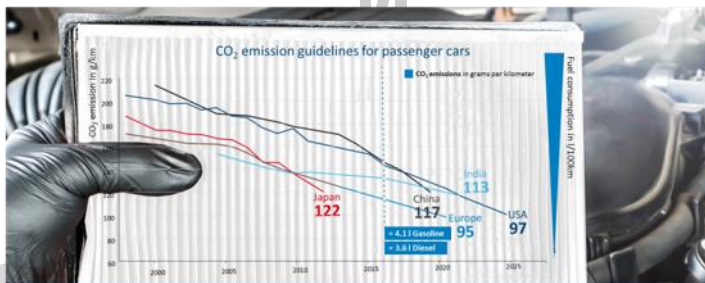
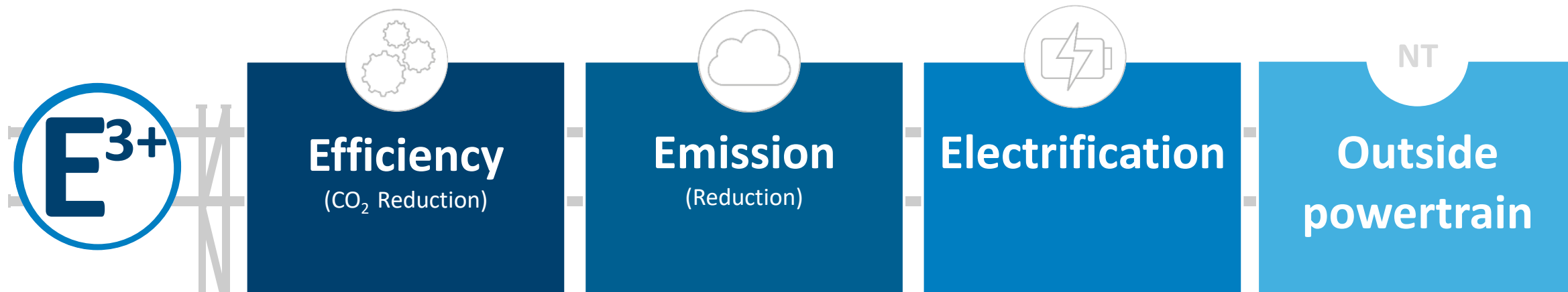
* IHS 07/2020 and company estimates

** Rheinmetall Automotive sales FY 2019

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

Automotive Market trends

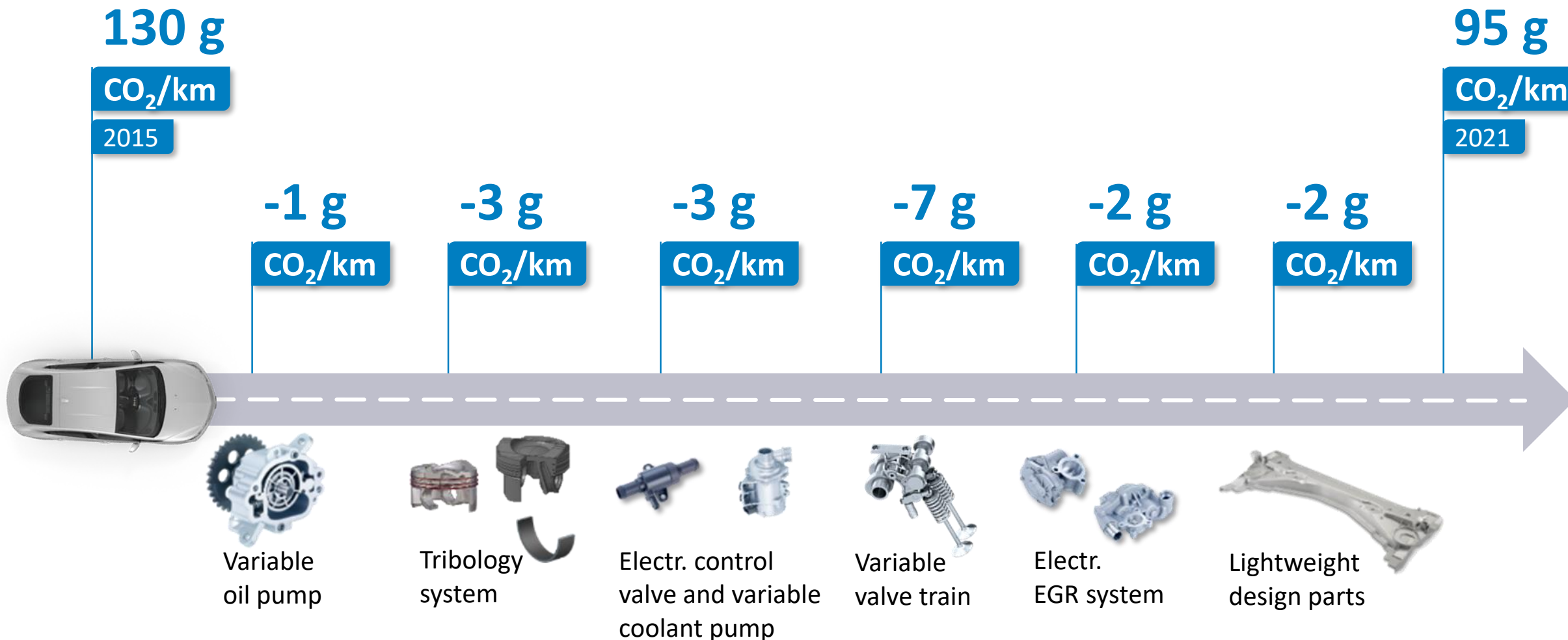
The growth drivers remain strong



The innovation pipeline is packed!

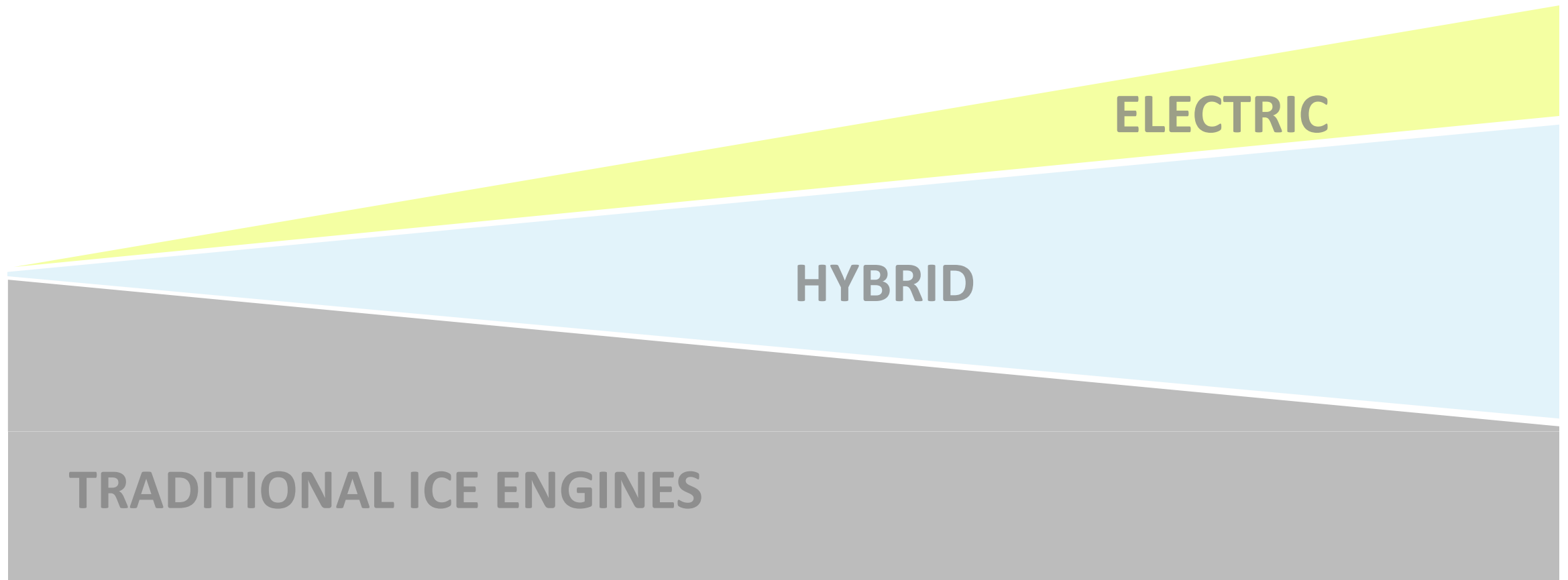
Efficiency

CO₂ - reduction with Automotive products – gasoline engine vehicle



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

Facing technological disruption
Rheinmetall needs to manage the transition

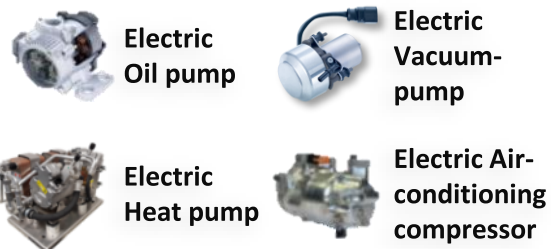


Electrification Rheinmetall Automotive products



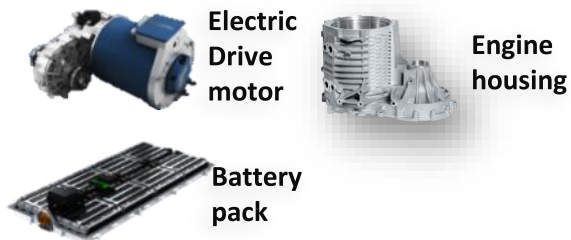
ELECTRIFICATION

Peripheral system and components



CAR

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



FIRST-/LAST-MILE

48V
15-20KW



MICRO E-DRIVE SYSTEM

48V
0,25-0,7KW

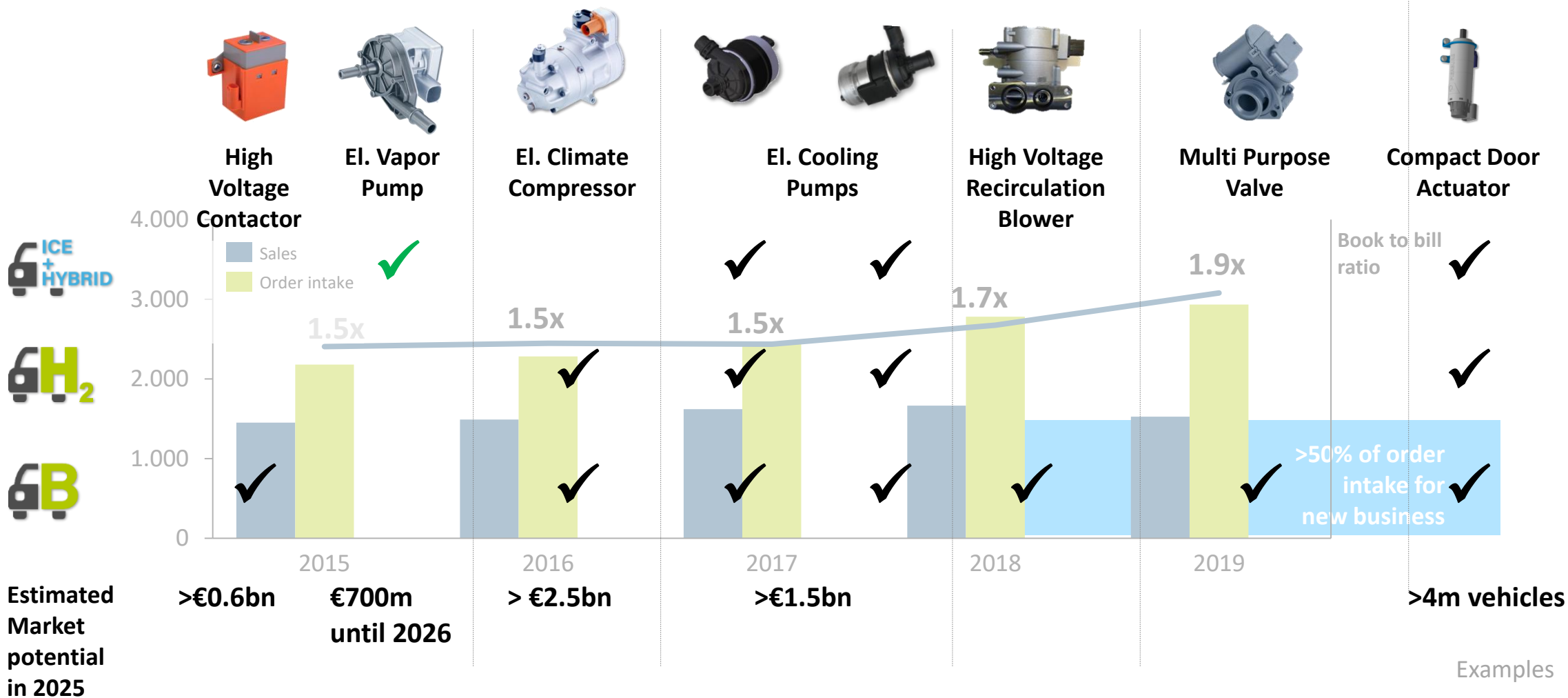


Life time order value of €1.3bn booked*

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

Mechatronic Innovation pipeline

Innovative products for a variety of applications

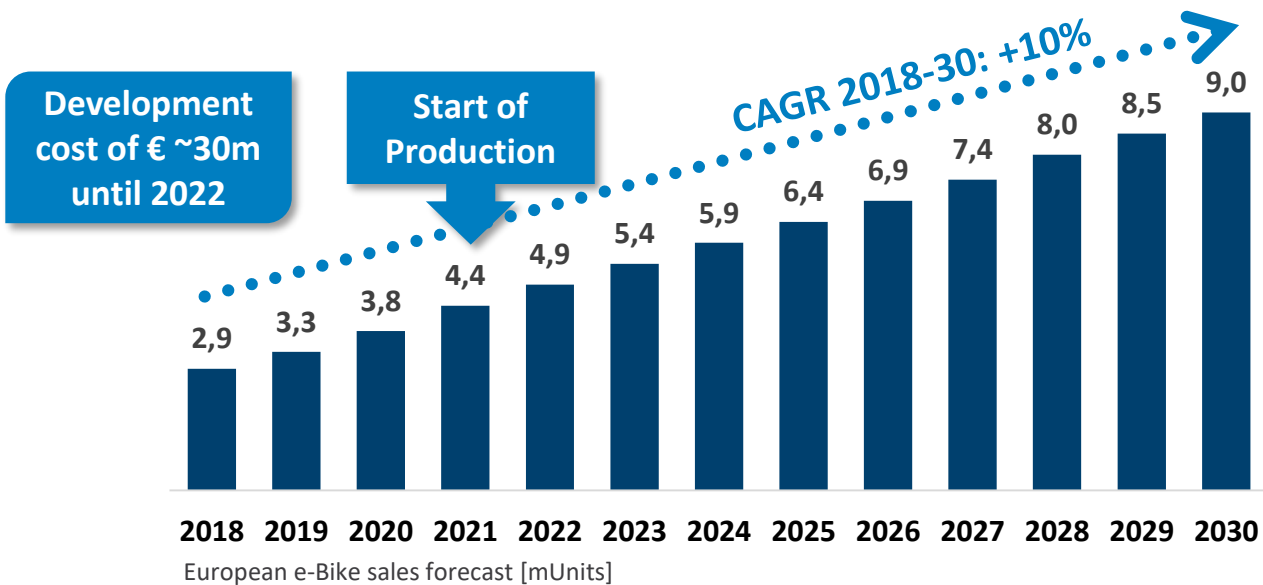


Micro Mobility

Starting with competitive product into a booming market

High growth market

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



Unique selling proposition

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



Diversification

Increasing portfolio for non-LV applications

Trucks



**Diverse portfolio for
truck applications**

Large bore pistons



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

**Bearings &
continuous casting**



Sanitary application

Aftermarket



Global supply of spare parts

Trucks

Diverse portfolio for truck applications

MECHATRONICS

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

HARDPARTS

- Permaglide bearings for truck compressors and truck hydraulics
- Aluminum pistons
- Steel pistons
- Piston rings (Cooperation with Riken)
- Bushings for injection pumps
- Main-bearings
- Connecting rod bearings
- Bearings for seat adjustments and doors
- EGR cooler modules and mixer modules
- Dual poppet valves
- EGR reed valves
- High performance actuators

Sales in €m

CAGR +4%

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

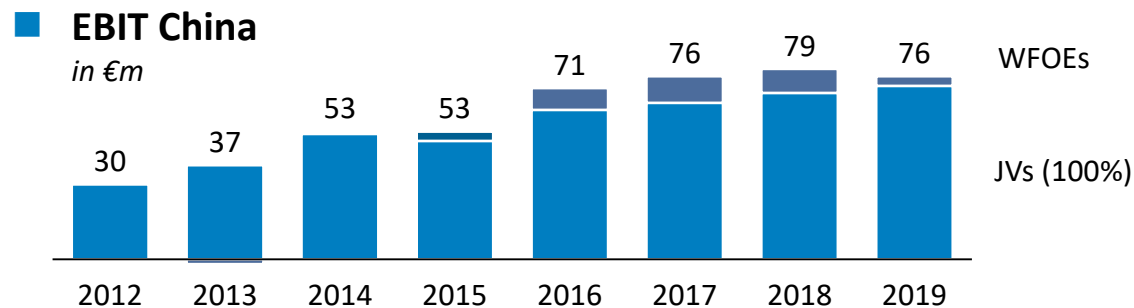
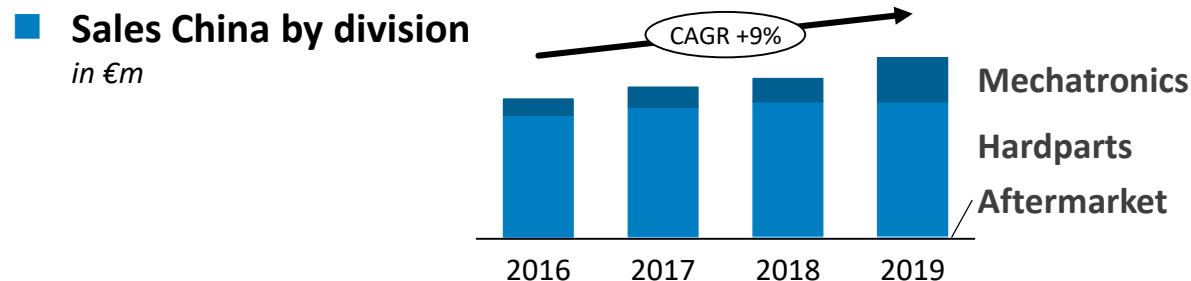
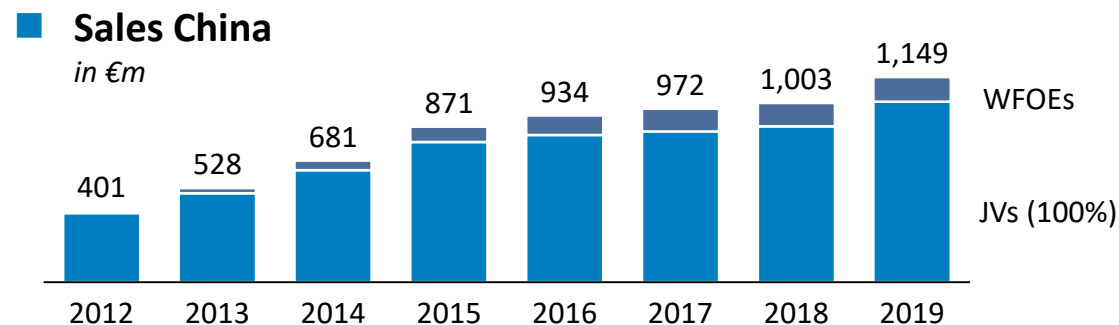
- Electrical bypass valves
- Pressure regulating valves

Automotive China

Outperforming the market

Highlights

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





Defence – Managing the “super cycle”

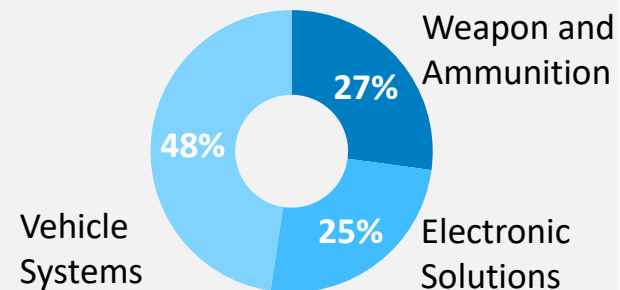
Defence

Leading supplier with an increasing international presence

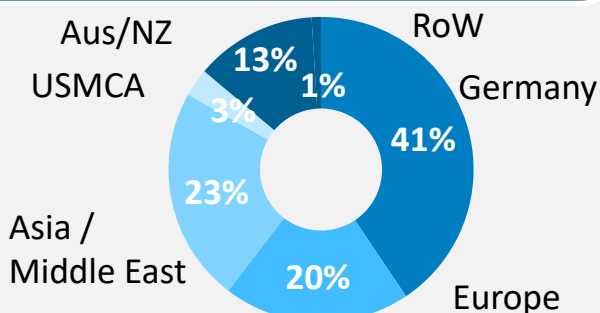
Key Figures 2019

Sales: €3.5bn
Op. result: €343m
Op. margin: 9.8%
Op. FCF: €266m
R&D: €75m
Capex: €166m
Headcount: 12,100

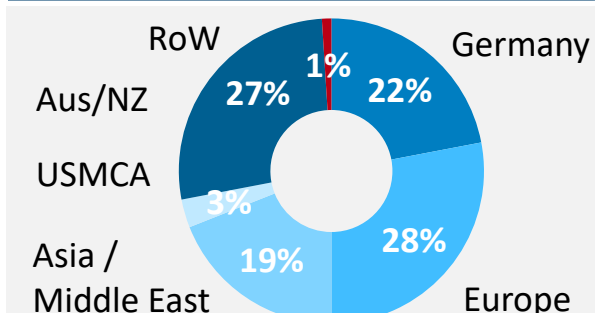
Sales by division*



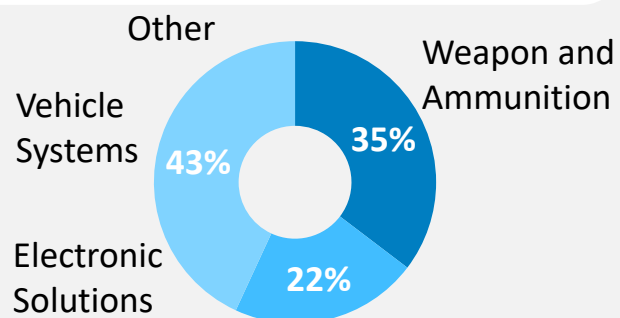
Sales by region



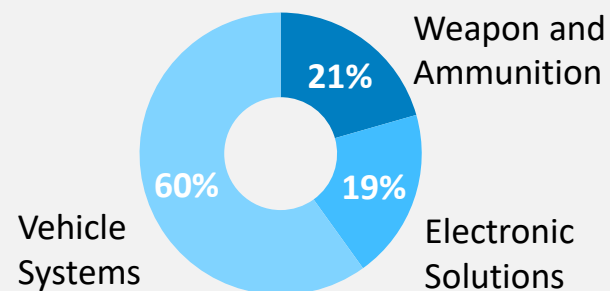
Order backlog by region



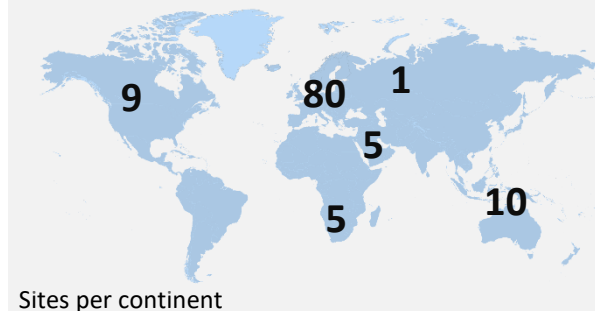
Operating result by division*



Order backlog by division



Global set up



*unconsolidated

Defence

Leading technology and market position

Sales driver

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

Structure of Corporate Segments

Vehicle Systems

- Tactical Vehicles
- Logistic Vehicles



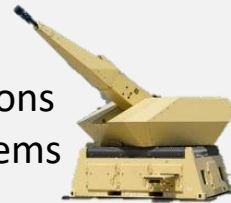
Weapon and Ammunition

- Weapon and Munition
- Protection Systems
- Propulsion Systems



Electronic Solutions

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



Key Competitor

Vehicle Systems

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

Weapon and Ammunition

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

Electronic Solutions

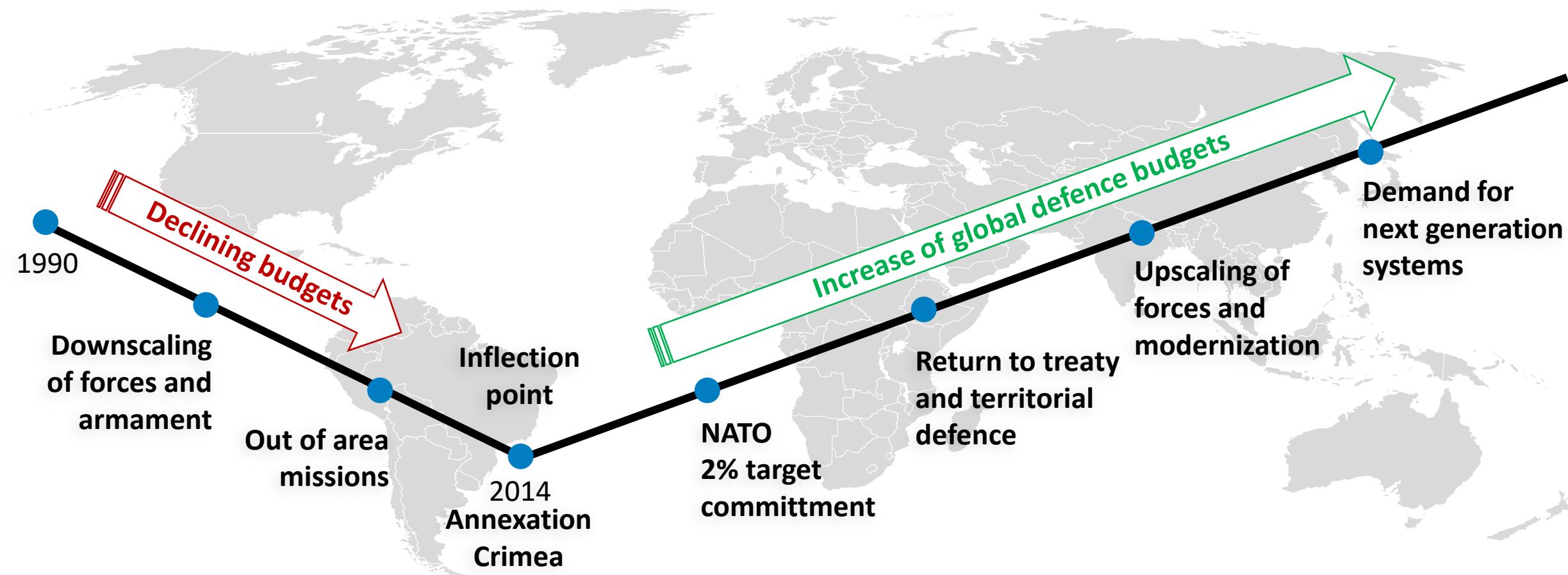
R&S, CAE, Saab, Thales, Rafael, Elbit Systems, Safran, Hensoldt

Differentiator

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

Defence

Managing the super cycle



Defence super cycle

Successful internationalization provides diverse sources of growth

Our home markets

Germany

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

Australia

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

United Kingdom

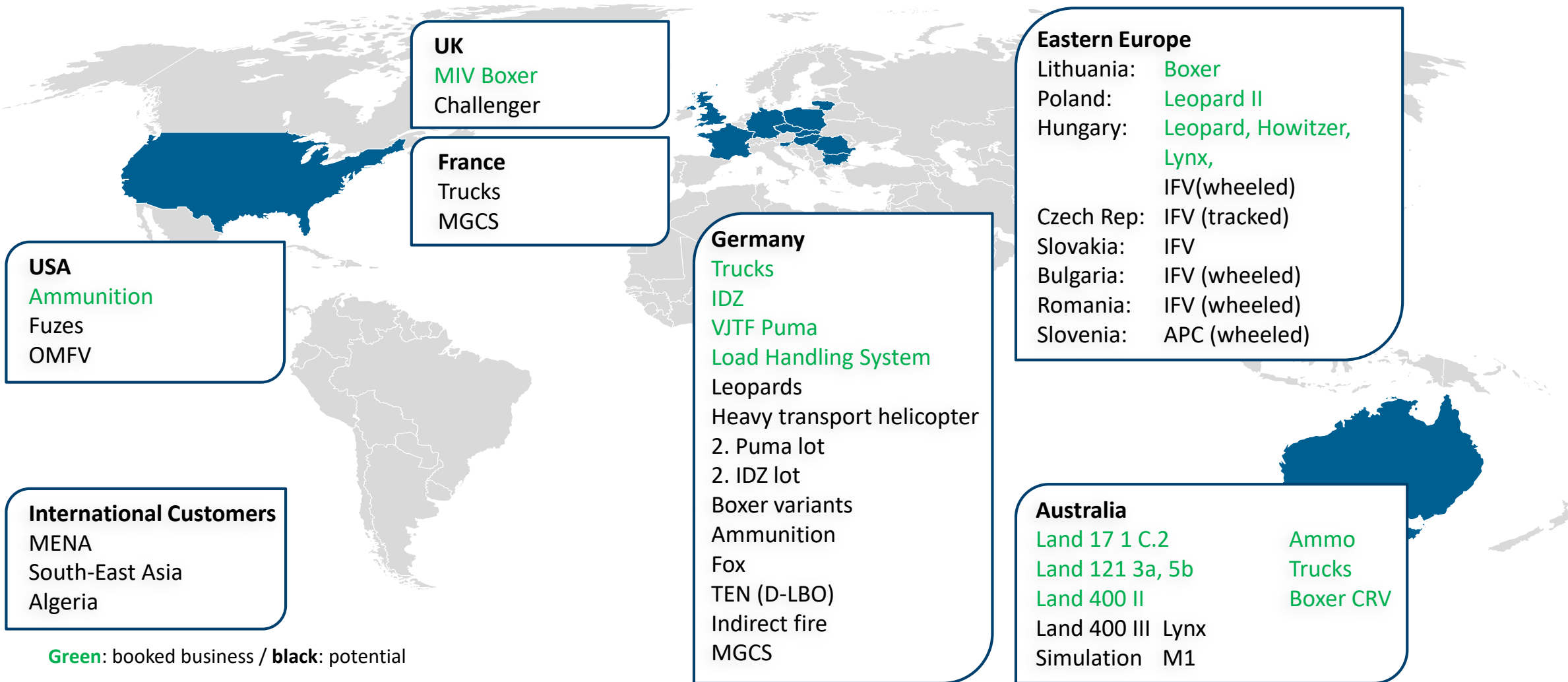
- JV with BAE serves „home market“
- MIV and Challenger LEP program
- Ammunition framework contract

Eastern Europe

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

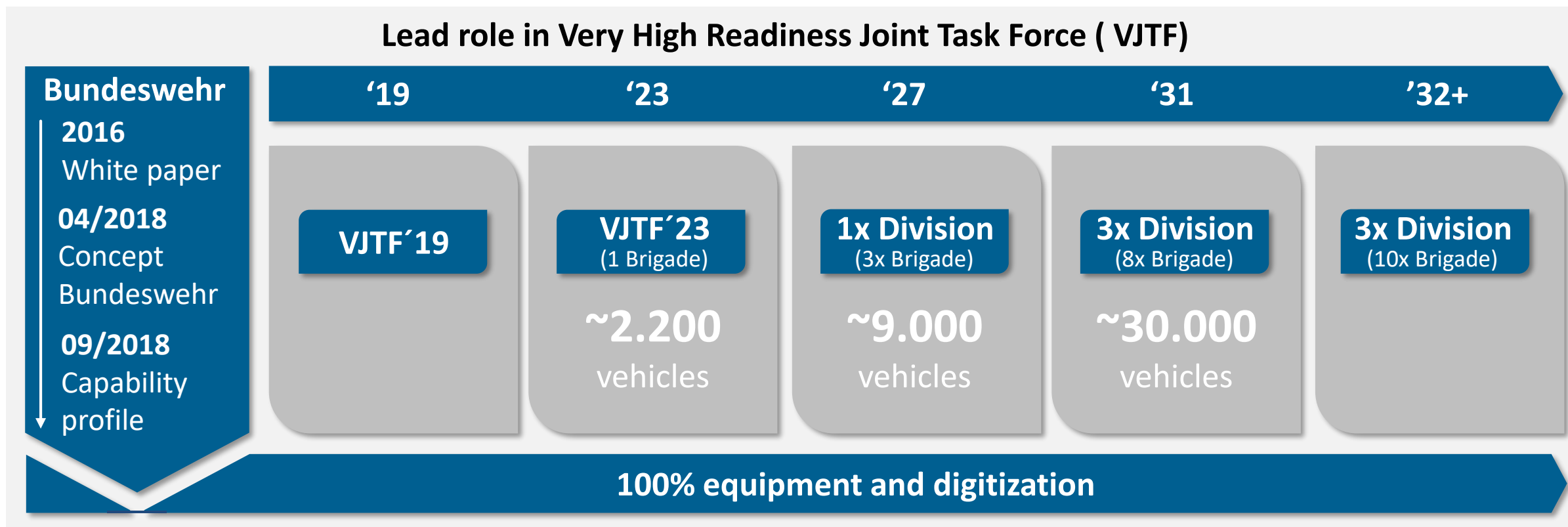
Defence tender overview

High demand could lead to promising super cycle



German defence

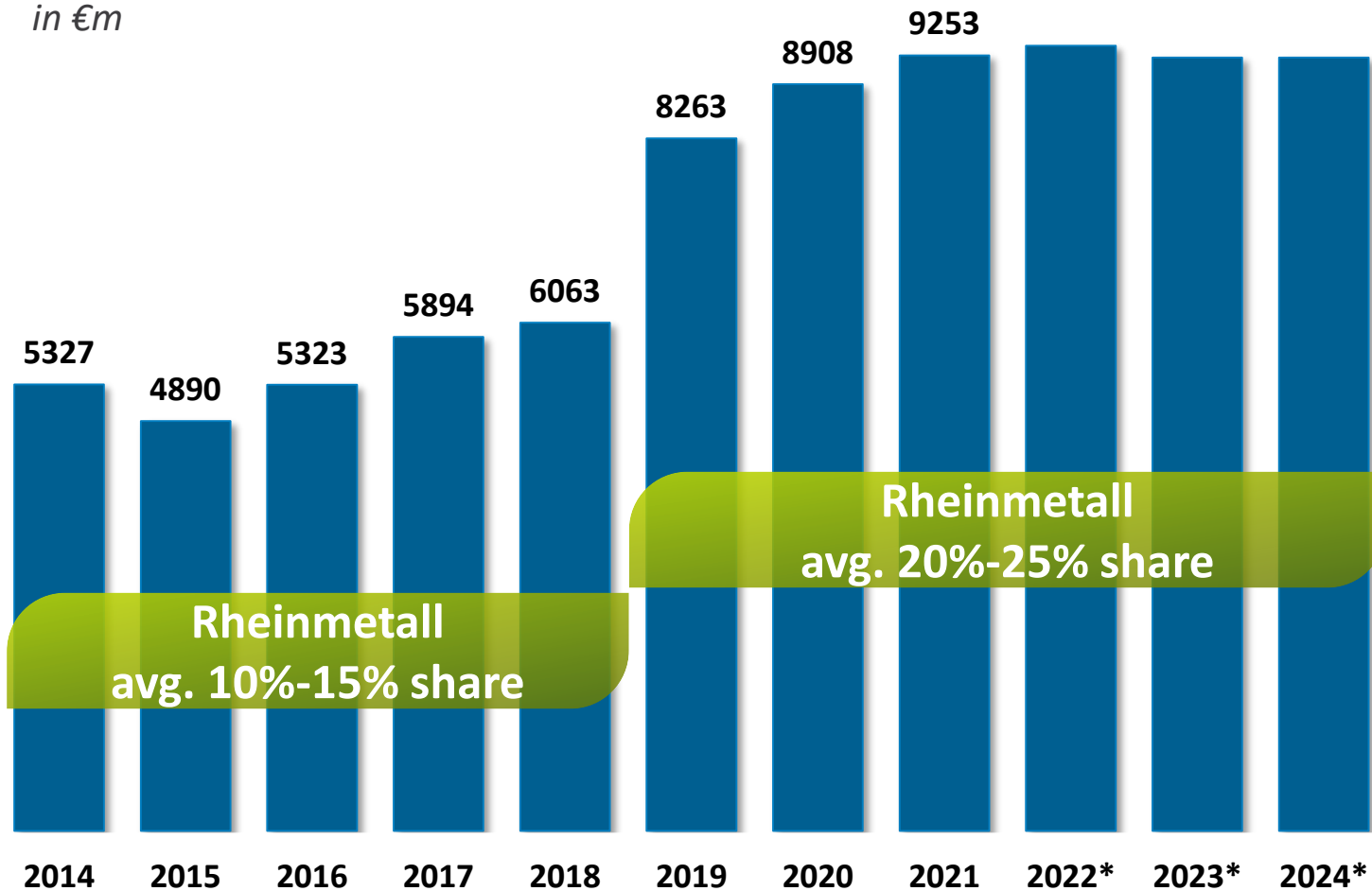
NATO commitment key driver for German demand



German defence budget

Investment expenses and Rheinmetall-share - budgets become sizeable

in €m



Drivers for budget increase:

- More personnel, return to ~200.000 soldiers
- More equipment (100% equipment level)
- More finance, investive share increased by 14% from 2019 to 2020
- Even with shrinking GDP due to corona the defence budget remains stable

NATO and VJTF commitment as strong drivers!

*based on BMWi defence budget forecast Sep.20; assumption 20% investive share of German defence budget

German Defence

Additional structural demand of German armed forces

Vehicles

Fox



(>500 vehicles)

Boxer



(~150 vehicles)

Trucks



(>10.000 vehicles)

Puma



(~250 vehicles)

Leopard 2



(>200 vehicles)

Programs and ammunition

NNBS



(Short range air defence)

TLVS/Next Gen. Patriot



(Tactical air defence)

DLBO TEN



(former MoTaKo)

Ammunition



Long term doubling potential

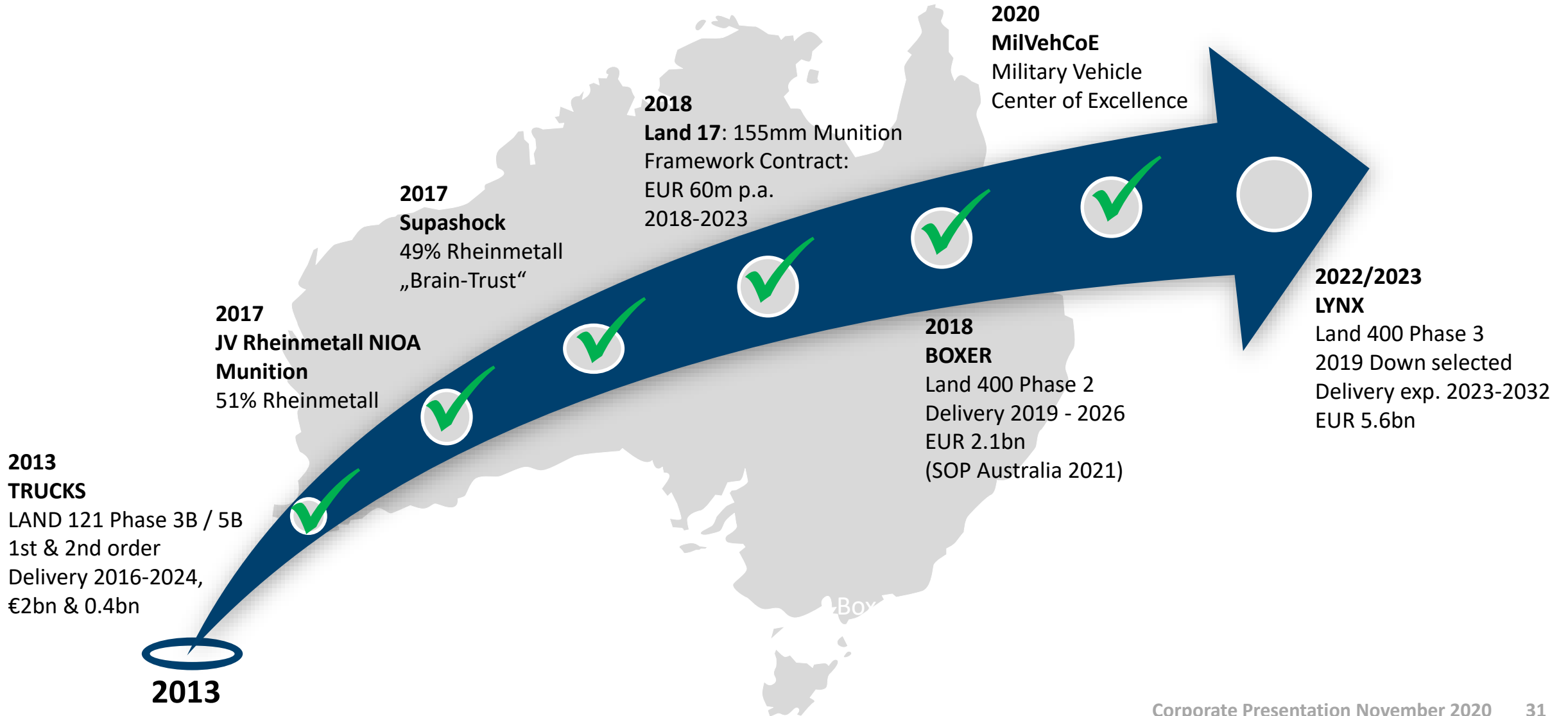
Military Camps



Build, operate and rebuild

Australia

Successful establishment of a new “home market”



United Kingdom - Joint Venture with BAE

Creating a new “home market” and strengthening our position

LEGACY BUSINESS

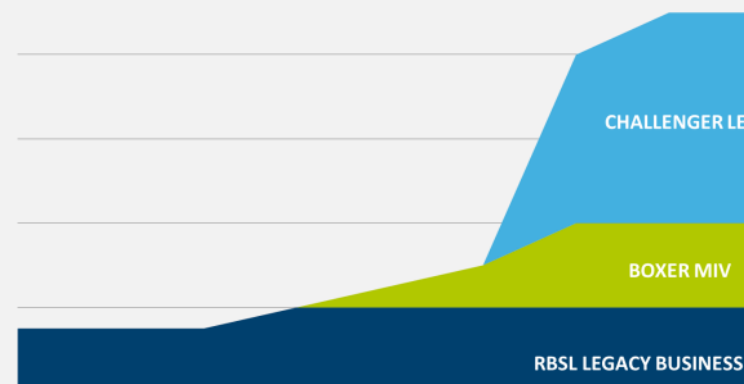
- BAE UK business
 - Armoured engineering vehicles and bridge-laying tanks
 - AS 90 self-propelled artillery system
 - Force protection components
 - Services
- 7.500 MAN vehicles under service



EXPANSION OF PRODUCT PORTFOLIO

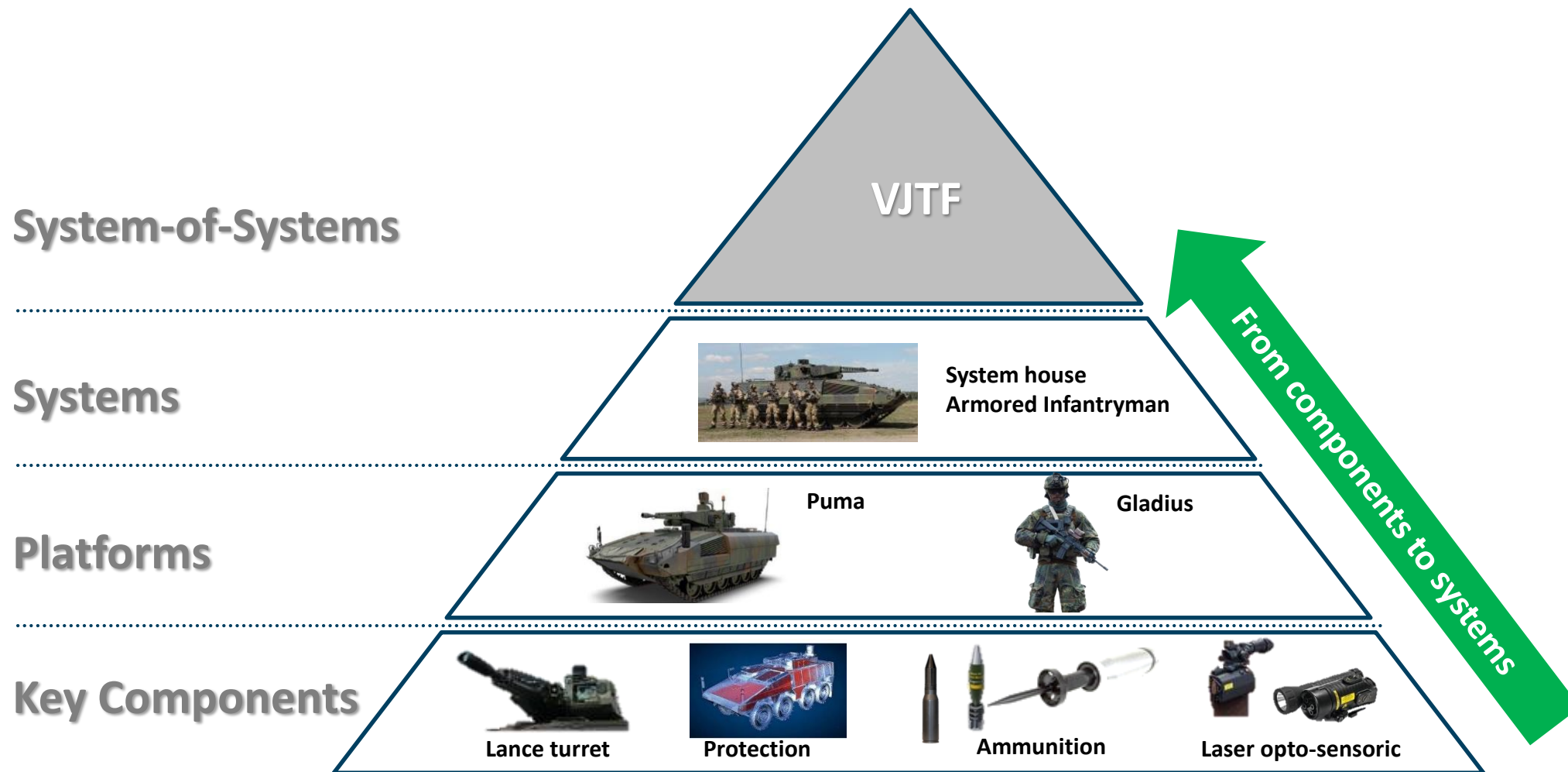
Future

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



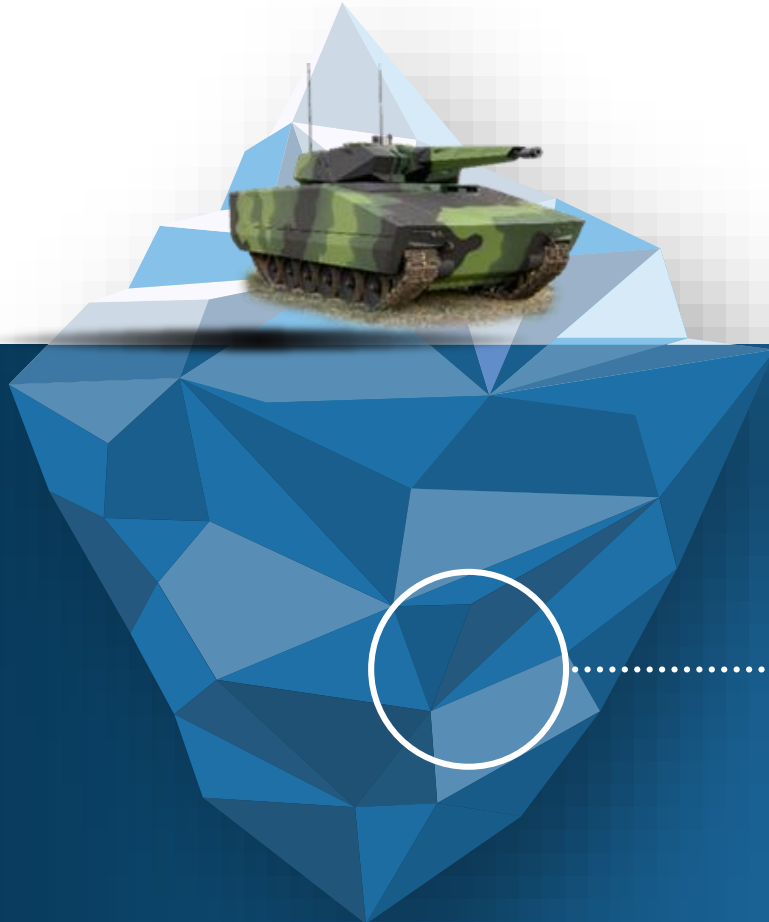
System house for land based operations

Integrating components to systems



Total life cycle potential

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



1X SALES OF PLATFORM

2X LIFECYCLE SPENDINGS

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

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



FINANCIALS

Q3 2020 Group: Highlights

Corona update

- Global awareness campaign to support employee safety in Q3
- Upgraded measures in place to prepare for second wave
- All sites fully operational in Q3

Operational performance

- Auto volume recovery supported strong operating leverage
- Strict cost management yielded results
- Continued expansion of Defence margin
- Defence order intake on expected lower level
- Lynx order intake to be included in Q4 2020

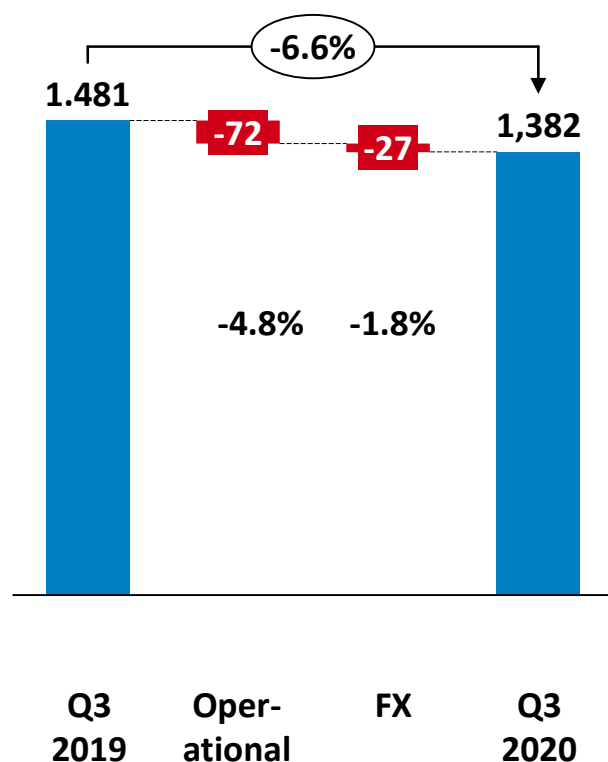
Operating free cash flow

- Clear reduction of working capital
- Strict control of capex

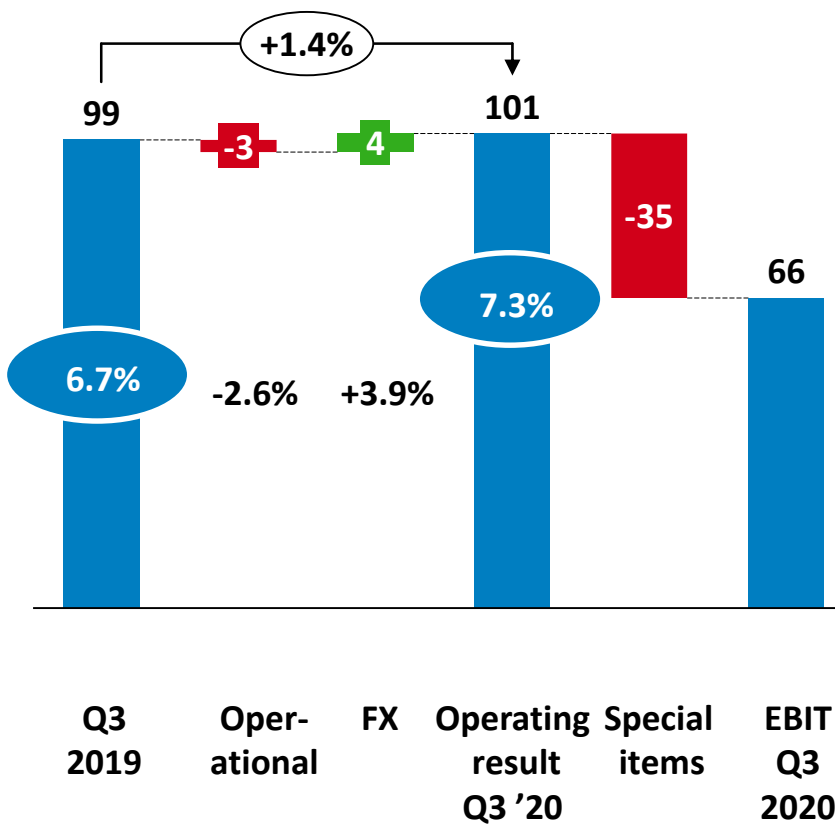
Q3 2020 Group: Key financial data

Strong profitability in a recovering market and effective cost management

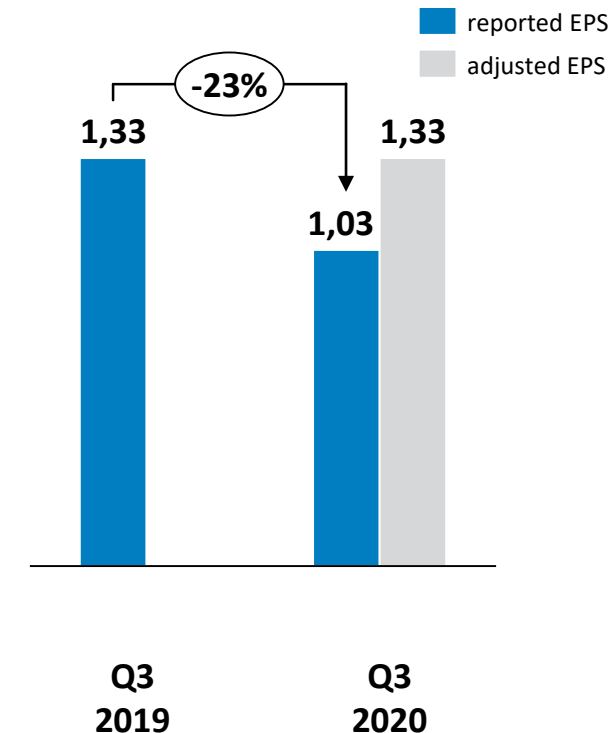
■ Sales
in €m



■ Operating result and EBIT in €m
Operating margin in %



■ Earnings per share
in €

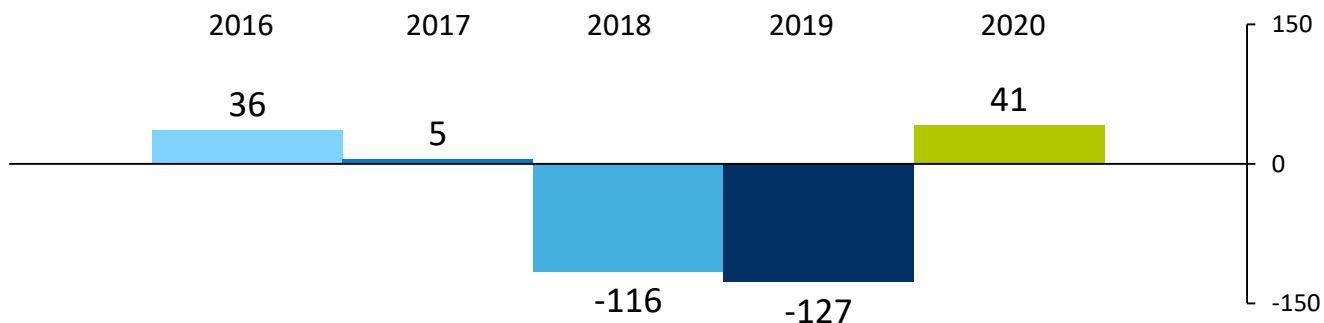


Q3 2020 Group: Operating free cash flow

Very strong cash generation

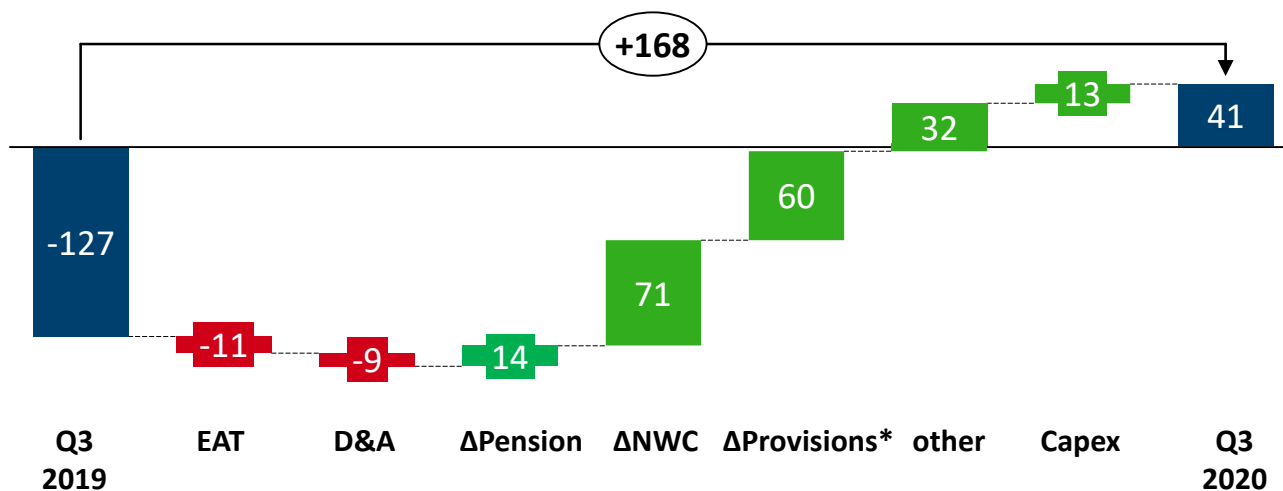
Q3 operating free cash flow

in €m



Operating free cash flow bridge

in €m



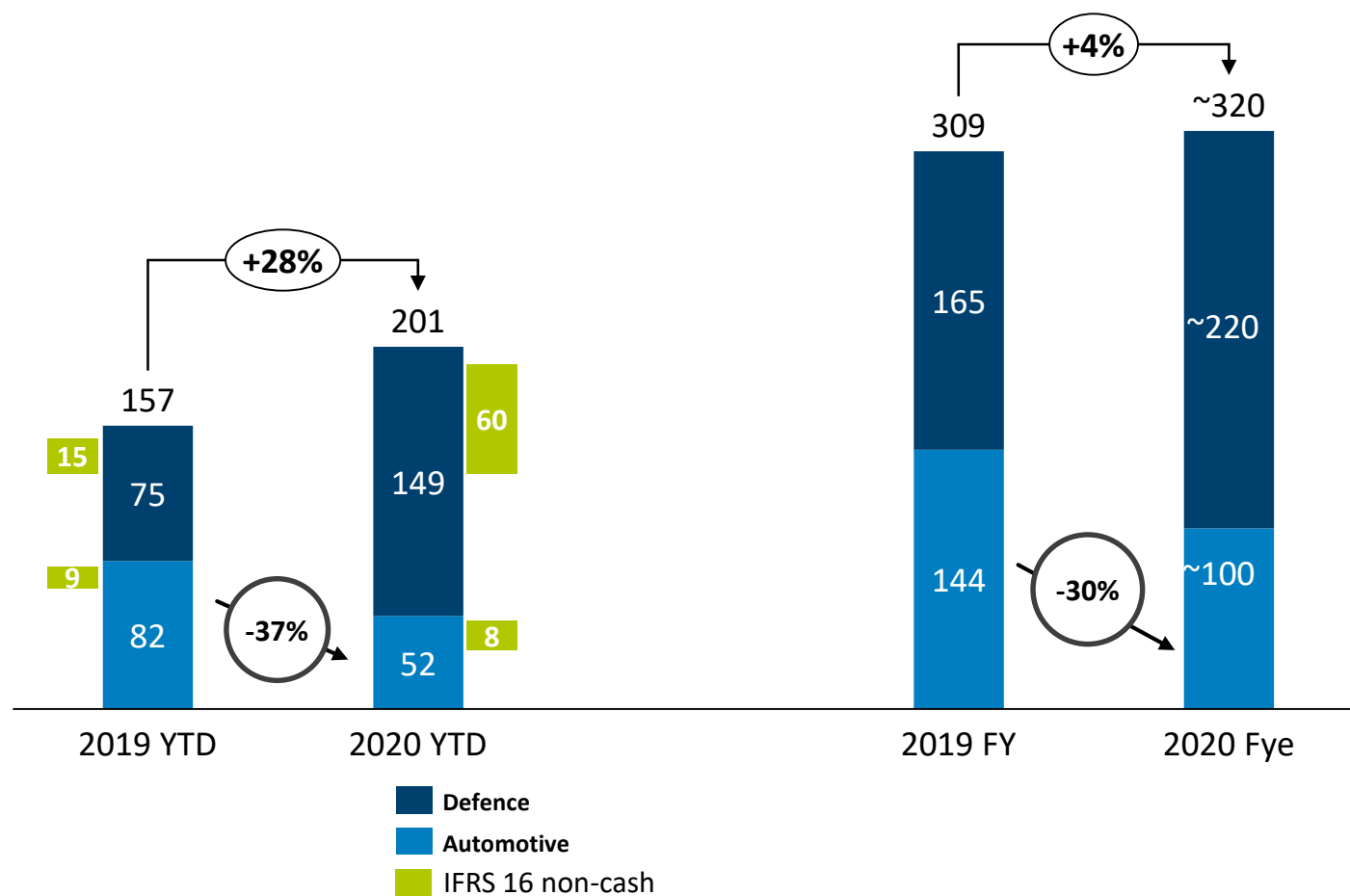
- Q3 2019 included €15m CTA funding in Auto
- Strong contribution from working capital reduction
- €45 m restructuring provisions included
- Automotive with strict capex control

* Δ Provisions for restructuring and other personnel

Q3 2020 Group: Capex

Cash preservation in Automotive remains a key priority

Capital expenditure in €m



- High confidence to achieve FY capex saving target of -30% in Automotive
- YTD already down 37%
- Defence FYe capex plan includes
 - Higher capitalized development cost (e.g. Land 400 Phase III, Future tactical truck family)
 - €51 m non cash MilVehCoE leasing agreement in Q3(IFRS 16 effect)

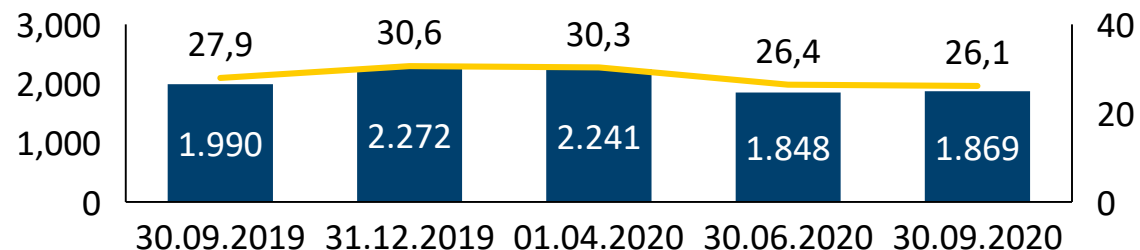
Q3 2020 Group: Group key financials

Moody's confirmed financial strength in latest Q3 rating

Equity and Equity ratio

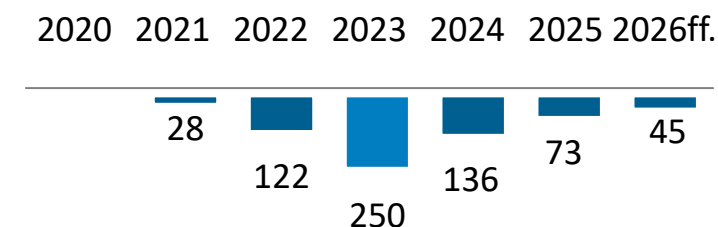
in €m and %

Equity ratio
Total equity

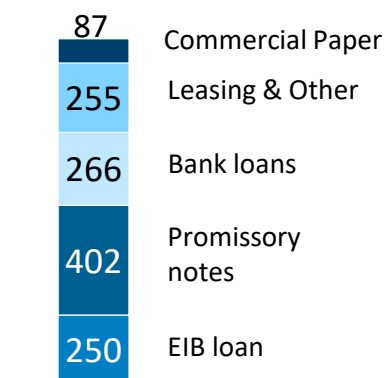


Gross debt and maturity profile

in €m



Σ 1.260

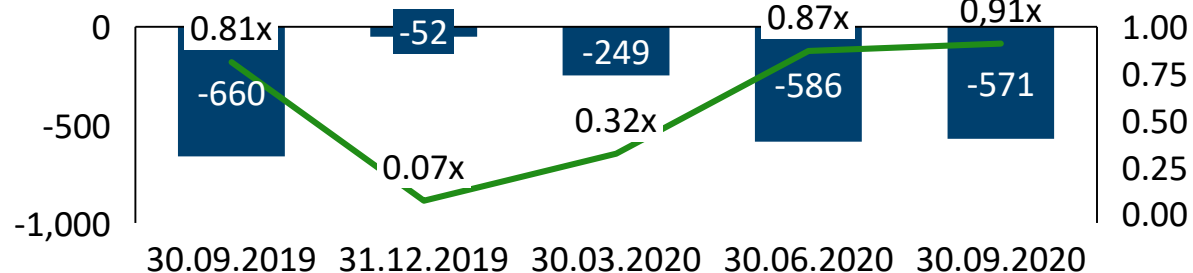


30.09.2020

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

in €m and ratio

Net financial debt/EBITDA (LTM)
Net debt

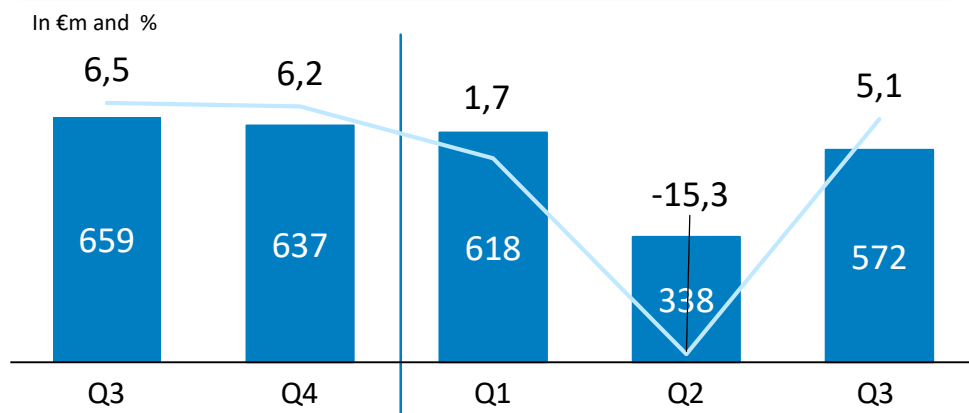


- Investment grade rating “Baa3 with stable outlook” confirmed by Moody’s
- Equity ratio remains on solid level
- Net debt reduced and significantly below Q3 19
- Cash on balance €690m
- Undrawn credit lines of €0.7bn per end of Q3

Q3 2020 Automotive: Highlights

Return to earnings and cash generation on the back of recovering demand

Quarterly sales and margin development



Comments on quarterly performance

- Sequential market recovery continued
- FX adjusted growth of -9.8% compares to -8.8% regionally adjusted IHS growth*
- Strong operating leverage of 15% driven by recovering volumes and continued disciplined cost management
- EBIT included €40m for restructuring
- OFCF improvement helped by lower capex and no CTA funding

| In €m | Q3 2019 | Q3 2020 | Δ | YTD 2019 | YTD 2020 | Δ |
|--------------------------|---------|---------|---------|----------|----------|----------|
| Sales | 659 | 572 | -13.2% | 2,099 | 1,528 | -27.2% |
| Operating result | 43 | 29 | -31.0% | 144 | -12 | -108.4% |
| Operating margin in % | 6.5% | 5.1% | -140bp | 6.9% | -0.8% | -770 bp |
| Special items | - | -40 | - | 2 | -340 | -- |
| EBIT | 43 | -11 | -124.9% | 146 | -352 | -341.0% |
| Operating Free Cash Flow | 6 | 49 | 716.7% | -8 | -97 | 1,112.5% |
| Operating FCF / Sales | 0.9% | 8.6% | 770bp | -0.4% | -6.3% | -600bp |

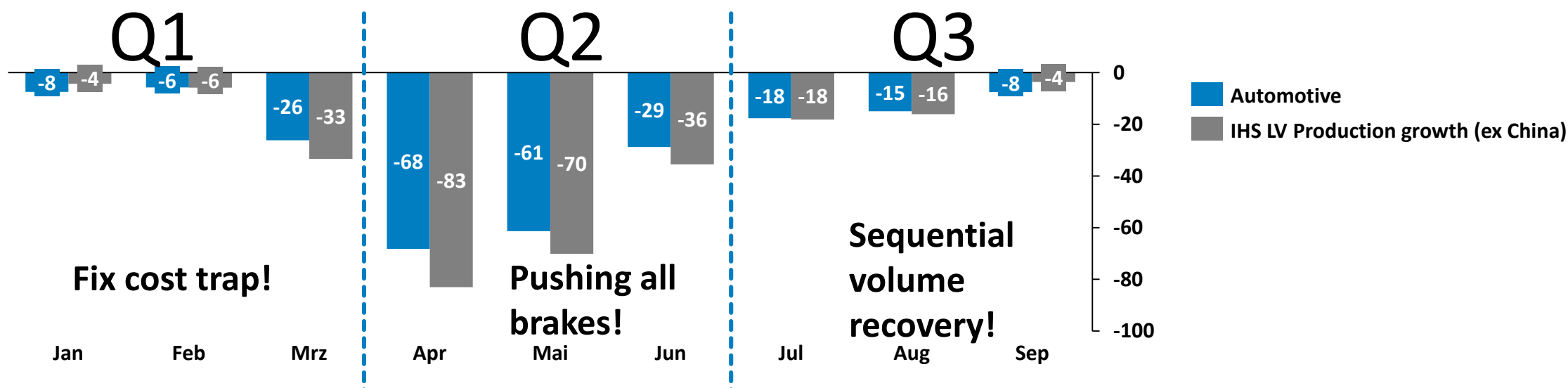
*IHS Markit: 3 November 2020; global LV growth adjusted for China

Q3 2020 Automotive: Highlights

Ongoing cost discipline and recovering volumes helped operating leverage

■ Monthly sales growth vs. IHS LV-production growth

in % Y-o-Y



| | | | |
|-----------------|-----------------|----------------|---|
| -13.8% | -60.6% | -8.8% | Quarterly IHS growth (LV-production regionally adjusted for China) |
| -13.5% / -13.2% | -53.4% / -52.1% | -13.2% / -9.8% | Quarterly sales growth (reported / FX adjusted) |
| 40% | 27% | 15% | Operating leverage |

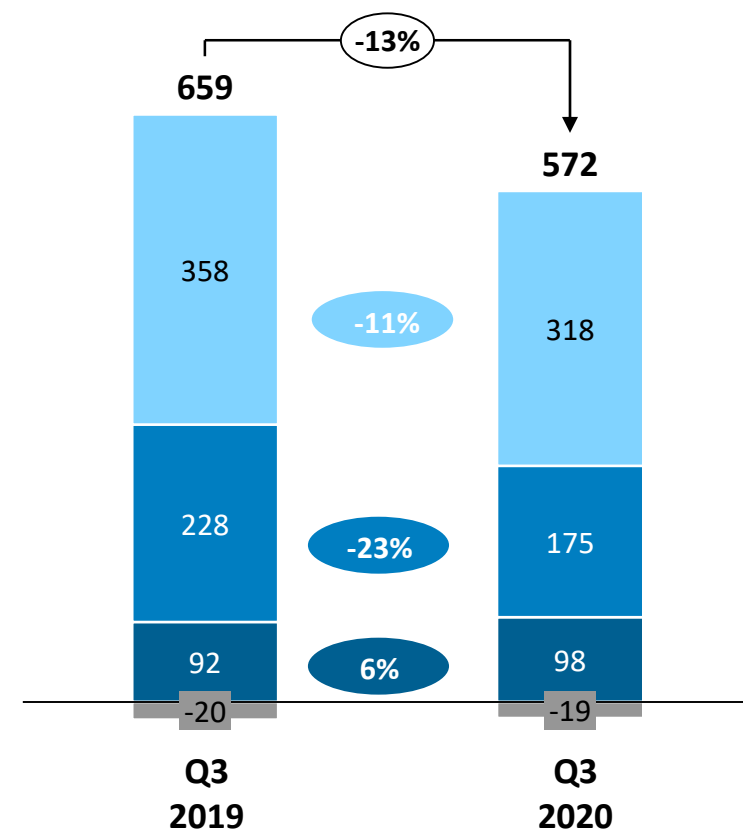
*IHS Markit: 3 November 2020; global LV growth adjusted for China

Q3 2020 Automotive: Divisional highlights

Divisional business environment on different recovery levels

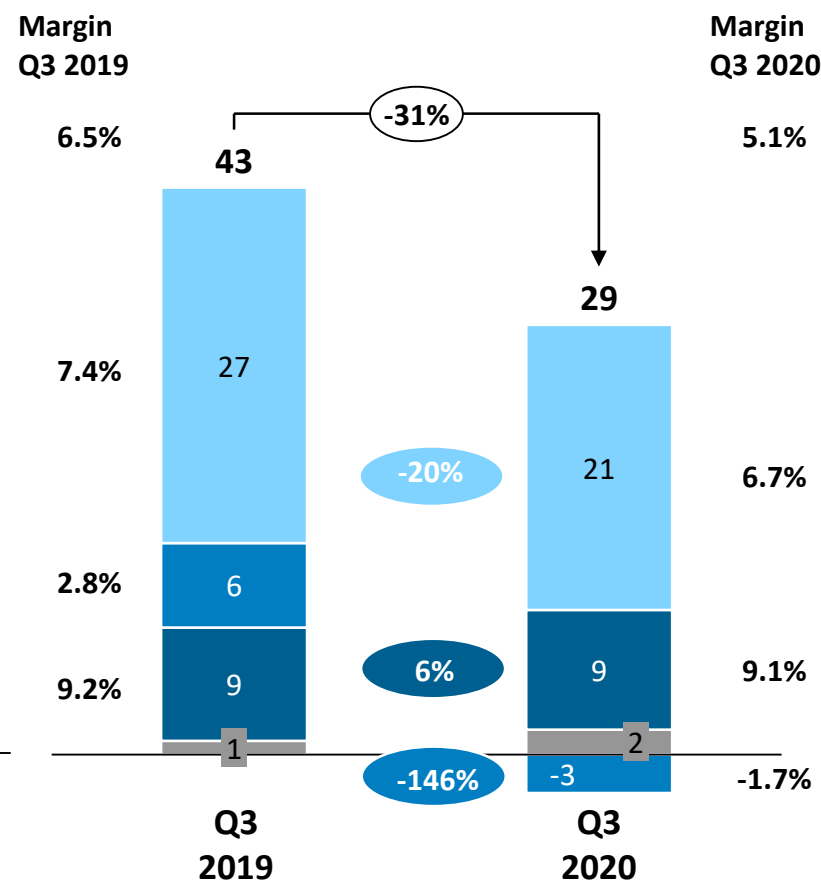
Sales Automotive

in €m



Operating result Automotive

in €m



Mechatronics

- Market in recovery mode, but strain from FX-effects
- Strict cost management

Hardparts

- Very weak pistons business
- Result gained on strict cost cutting
- At equity almost back to PY level

Aftermarket

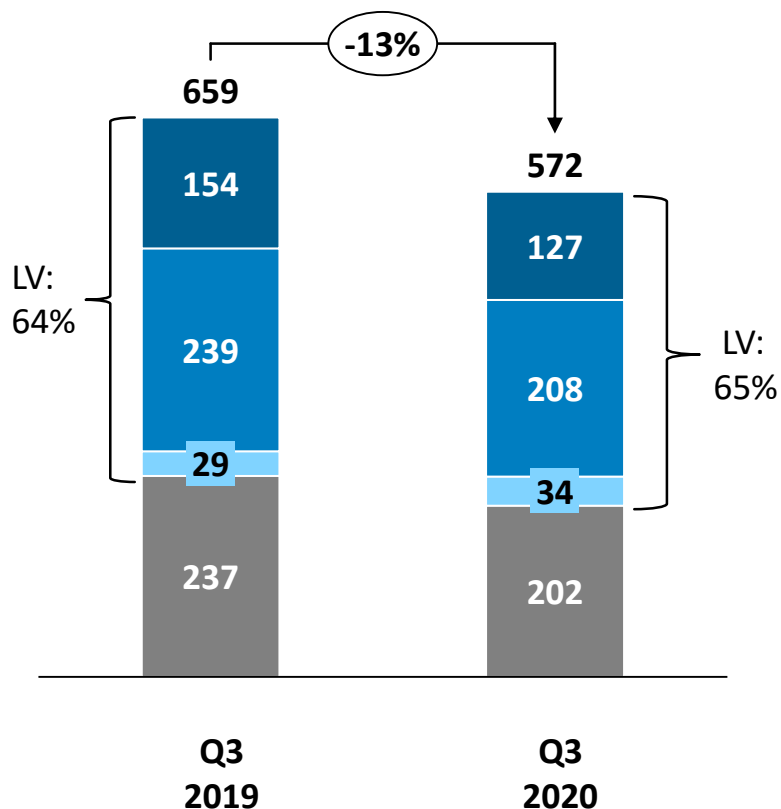
- Strong sales recovery in Europe
- Favorable customer mix and cost cutting held back by expenses for micro mobility

Q3 2020 Automotive: Highlights

Non-LV still a drag, but trucks with sequential improvement

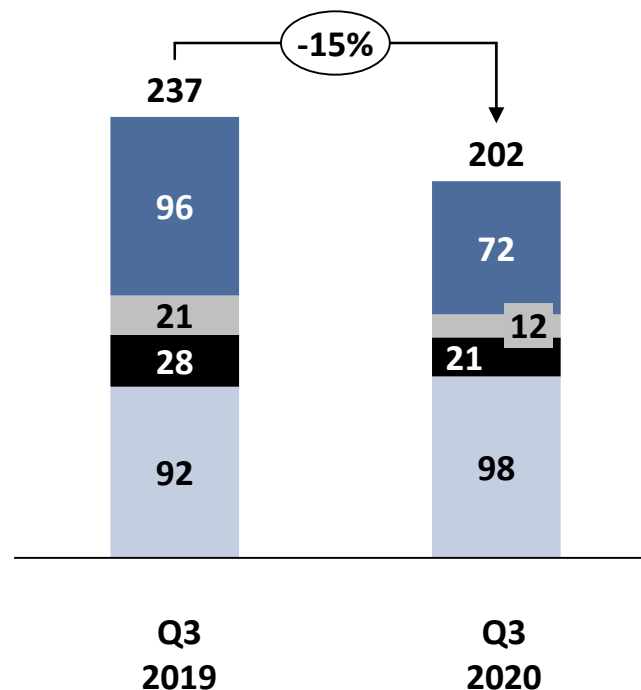
■ Sales split LV/ Non-LV

in €m / in %



■ Sales split Non-LV

in €m / in %



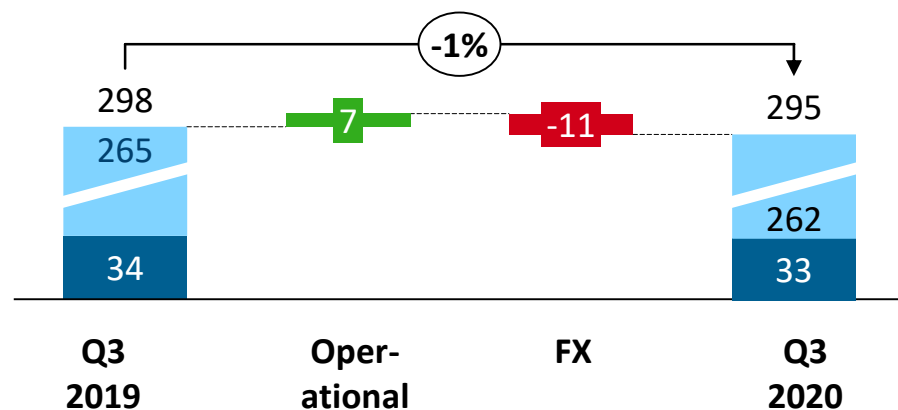
| | Delta absolute | Delta in % |
|------------------------|----------------|---------------|
| Diesel | -27 | -17.2% |
| Gasoline | -31 | -12.9% |
| other LV | +6 | +19.3% |
| <hr/> | | |
| LV Business | -52 | -12.3% |
| <hr/> | | |
| Truck | -25 | -25.7% |
| Large Bore | -10 | -45.5% |
| other | -7 | -25.0% |
| Aftermarket | +6 | +6.3% |
| <hr/> | | |
| Non-LV Business | -35 | -14.7% |

Q3 2020 Automotive: China performance

Strong results, but sales burdened by adverse FX effects

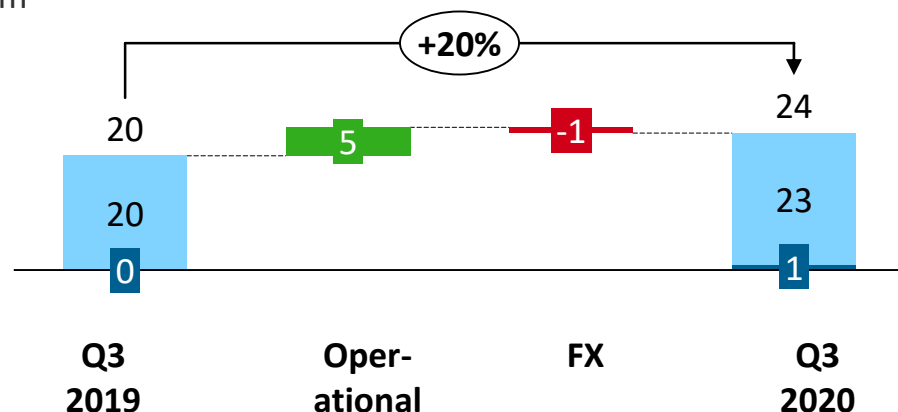
Sales*

in €m



EBIT*

in €m



■ Joint Venture
■ Wholly owned foreign enterprise

Comments on the quarter

- Operational sales increase of +2.4% compares to very strong PY Q3 (first ramp-up quarter of electric vapor and vacuum pumps), but held back by adverse FX effects
- Chinese market recovery of 10.3% (IHS Markit 3rd Nov 2020) benefitted from low base effect (Q3 19 -7.1%)
- All plants operational, business activity approaching 100% pre corona level
- EBIT improved by 20% to €24m
- JV EBIT margin increased from 7.5% to 8.7%

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

Q3 2020 Automotive: Innovation

Latest order for EVAP increases life time order value to above €1bn

Electronic Vapor Pump (EVAP)

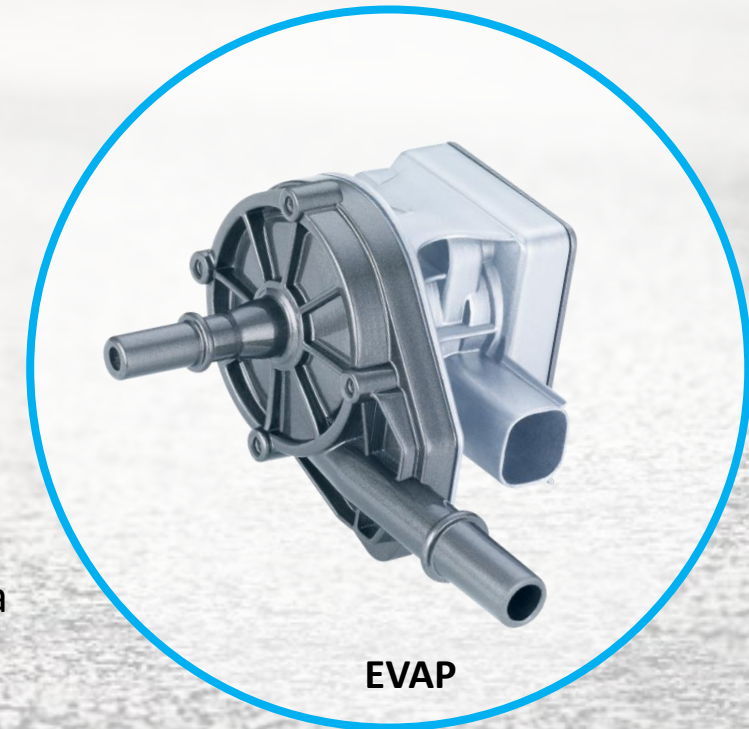


Regulatory requirements for fuel emissions tightened

Pump allows cleansing of activated carbon filters during standstill or electric operation

Serial production in the US and China started in mid-2018 and rose to > 750k units in 2019

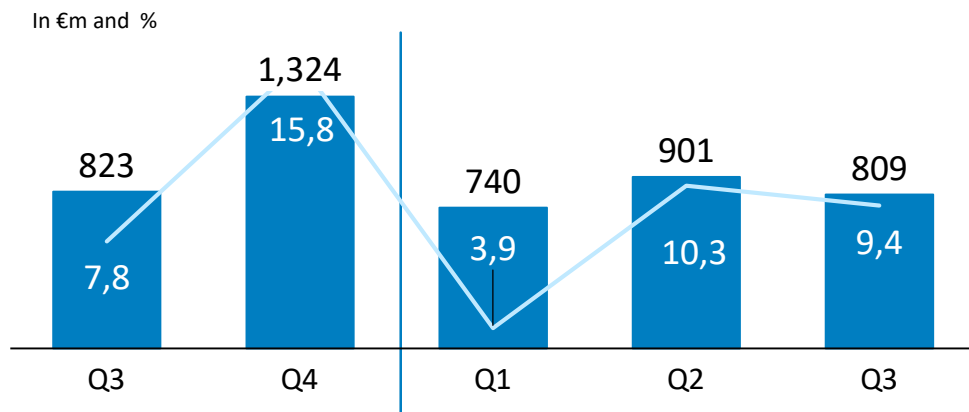
Product will be sold for vehicles in the US, China, Japan and South Korea market



Q3 2020 Defence: Highlights

Further improvement of operating margin and cash generation

Quarterly sales and margin development



Comments on quarterly performance

- Sales better than expected including slightly negative FX effect
- Good execution supported margin development
- EBIT included site closure cost and positive one-off income
- OFCF was largely driven by higher earnings and improved working capital

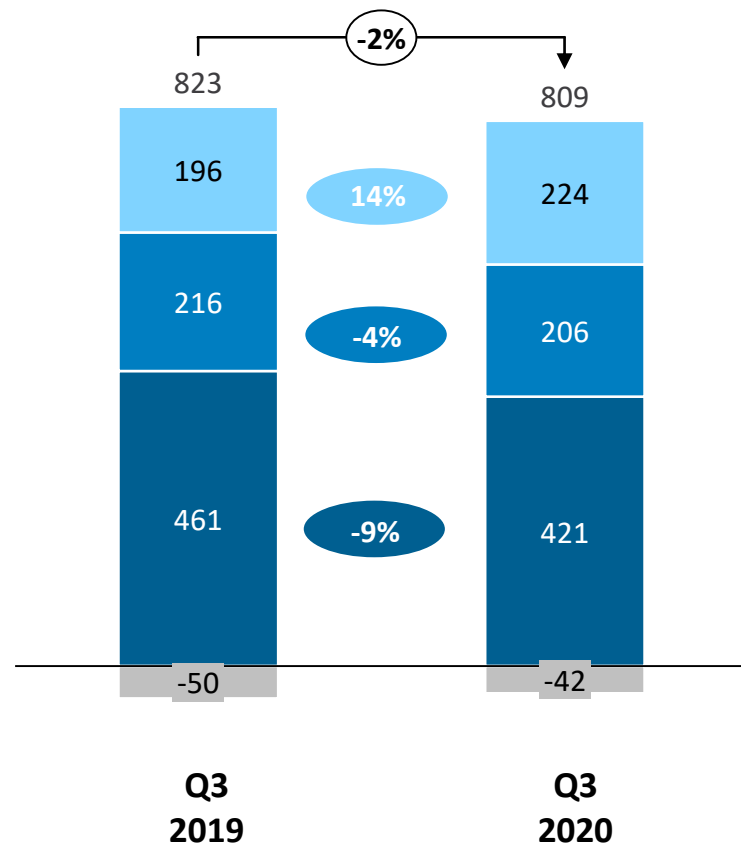
| In €m | Q3 2019 | Q3 2020 | Δ | YTD 2019 | YTD 2020 | Δ |
|--------------------------|---------|---------|---------|----------|----------|---------|
| Order intake* | 1.136 | 477 | -58.0% | 2.201 | 1.960 | -11.0% |
| Sales | 823 | 809 | -1.7% | 2.198 | 2.450 | 11.5% |
| Operating result | 64 | 76 | 17.7% | 134 | 197 | 47.6% |
| Operating margin in % | 7.8% | 9.4% | 160bp | 6.1% | 8.1% | 200bp |
| Special item | - | 5 | - | -2 | 3 | -258.8% |
| EBIT | 64 | 81 | 25.5% | 132 | 200 | 52.2% |
| Operating Free Cash Flow | -104 | -7 | 93.3% | -328 | -300 | 8.5% |
| Operating FCF / Sales | -12.7% | -0.8% | 1.190bp | -14.9% | -12.2% | 270bp |

*Order intake is reported on the basis of booked business

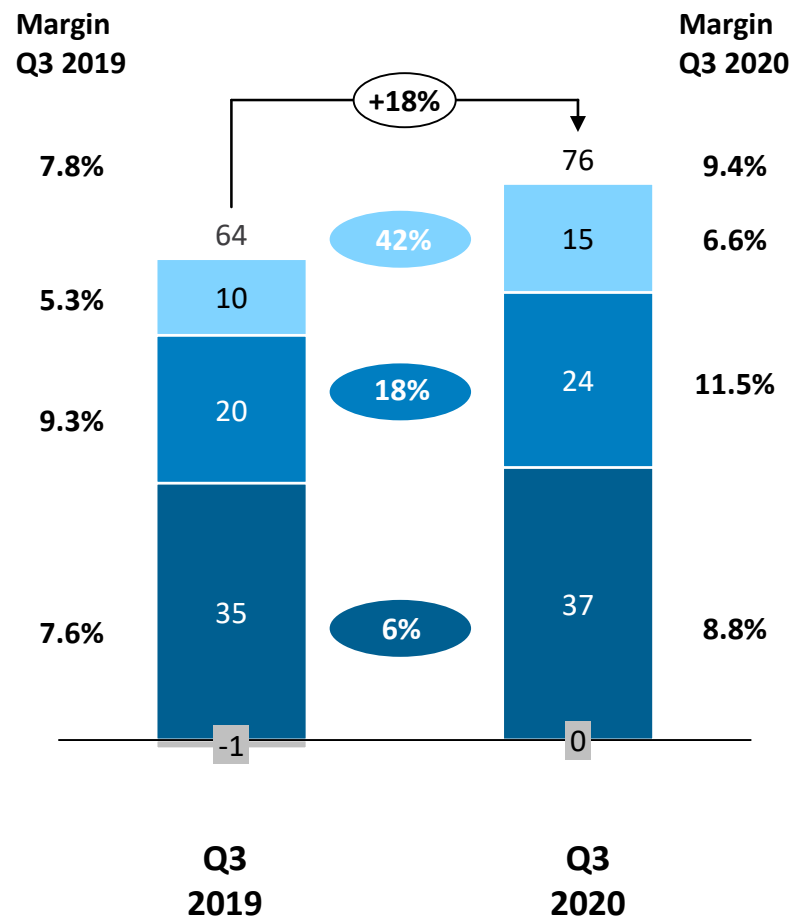
Q3 2020 Defence: Divisional highlights

All divisions were able to expand margins and absolute results

Sales Defence
in €m



Operating result Defence
in €m



Weapon & Ammunition

- Stronger ammunition sales
- Additional personnel protective equipment sales

Electronic Systems

- Favorable product mix and good execution

Vehicle Systems

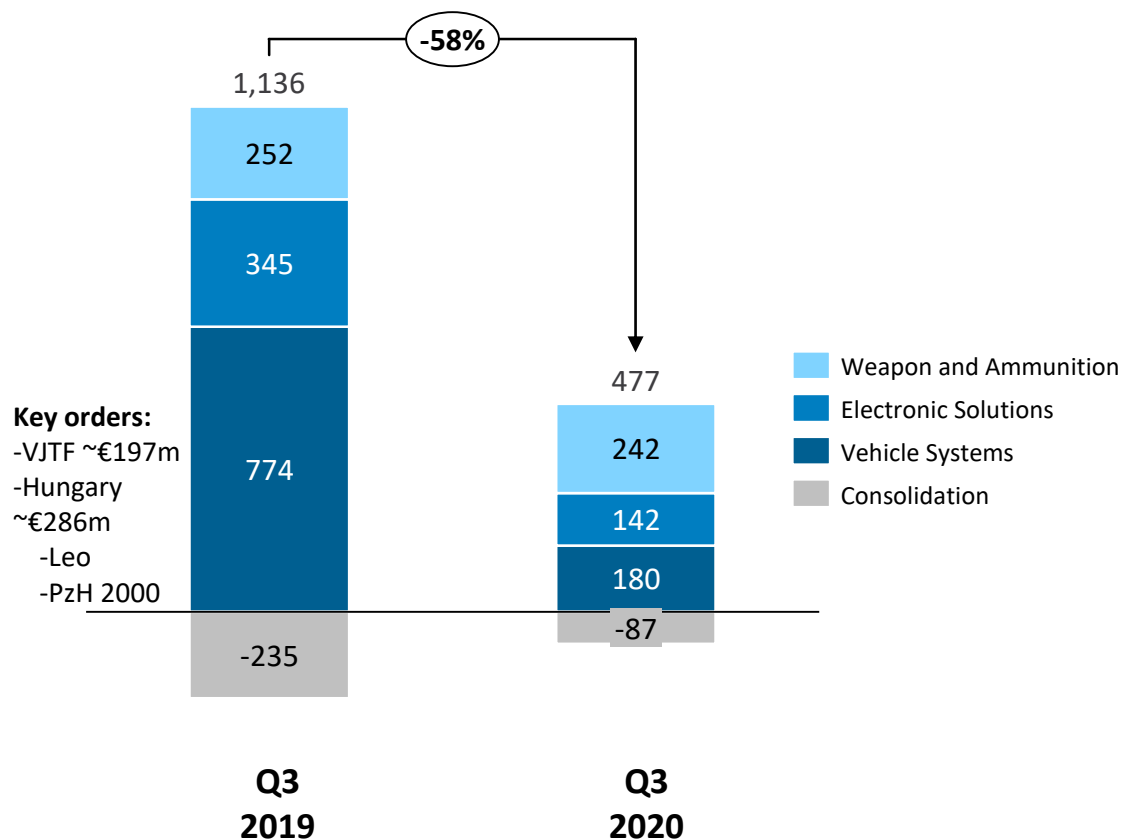
- Expiring Puma sales partially compensated by better margin programmes

Q3 2020 Defence: Order overview

Order intake on expected level

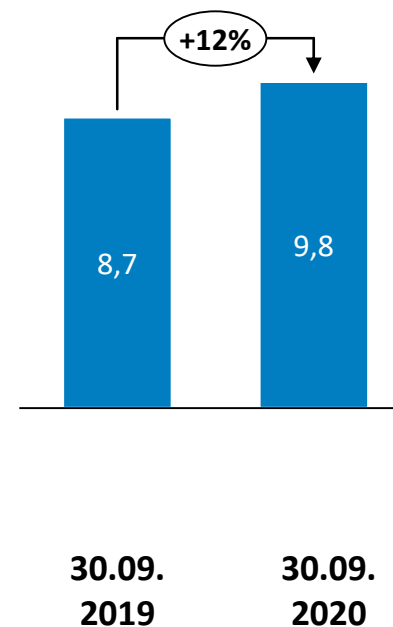
Order intake by division

in €m

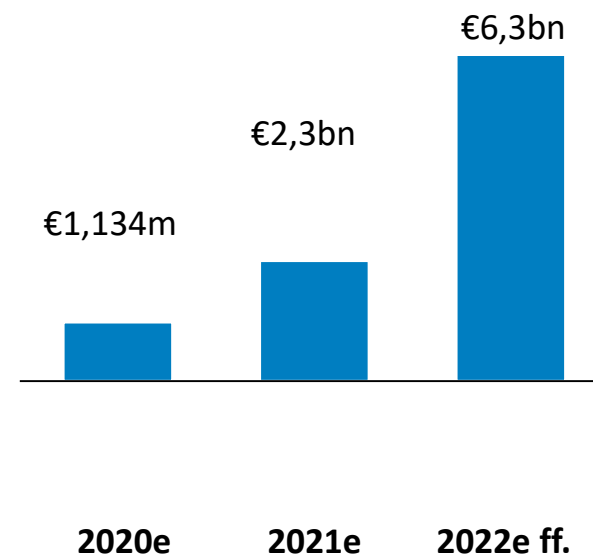


Order backlog profile

in €bn



„Shadow backlog“ from truck framework agreements
 €3.1bn
 (2021-26)



Q3 2020 Defence: Launch of new IFV platform

Hungary is the first NATO member to select the Lynx

Details

- ✓ Establishment of JV with the Hungarian MOD with a 51% Rheinmetall share
- ✓ Order Size Quantity: 218 Lynx and 9 armored recovery vehicles “Büffel”
- ✓ Order volume: clearly above €2bn
- ✓ 2 phase delivery model:
 - Phase 1 (22-23): Delivery of 46 Lynx produced in Germany
 - Phase 2 (24-29): Delivery of the remaining vehicles from Hungarian JV
- ✓ Order intake expected in Q4 2020
- ✓ Additional aftermarket potential for maintenance, spare parts, ammunition and future upgrades

The IFV is more than just a new, highly advanced vehicle: it is a future-proof platform, blending protection with firepower and mobility in a uniquely modular concept.

Deal enables the Hungarian Army to meet its NATO commitments through continued modernization



OUTLOOK **2020**

2020 Guidance update

FY result guidance upgraded

GROUP

- Operational sales growth for 2020 between minus 7% and minus 6%
- Operating margin expected between positive 6% to 6.5%

AUTOMOTIVE

- Based on the current IHS' FY 2020 regionally adjusted outlook of 21.9%* we guide our operational sales development for 2020 between minus 20 to minus 23%
- Operating result expected between 10 €m to 20 €m positive

DEFENCE

- Operational sales growth expectation of around 6%
- Operating margin between 10 to 11%

Disclaimer:

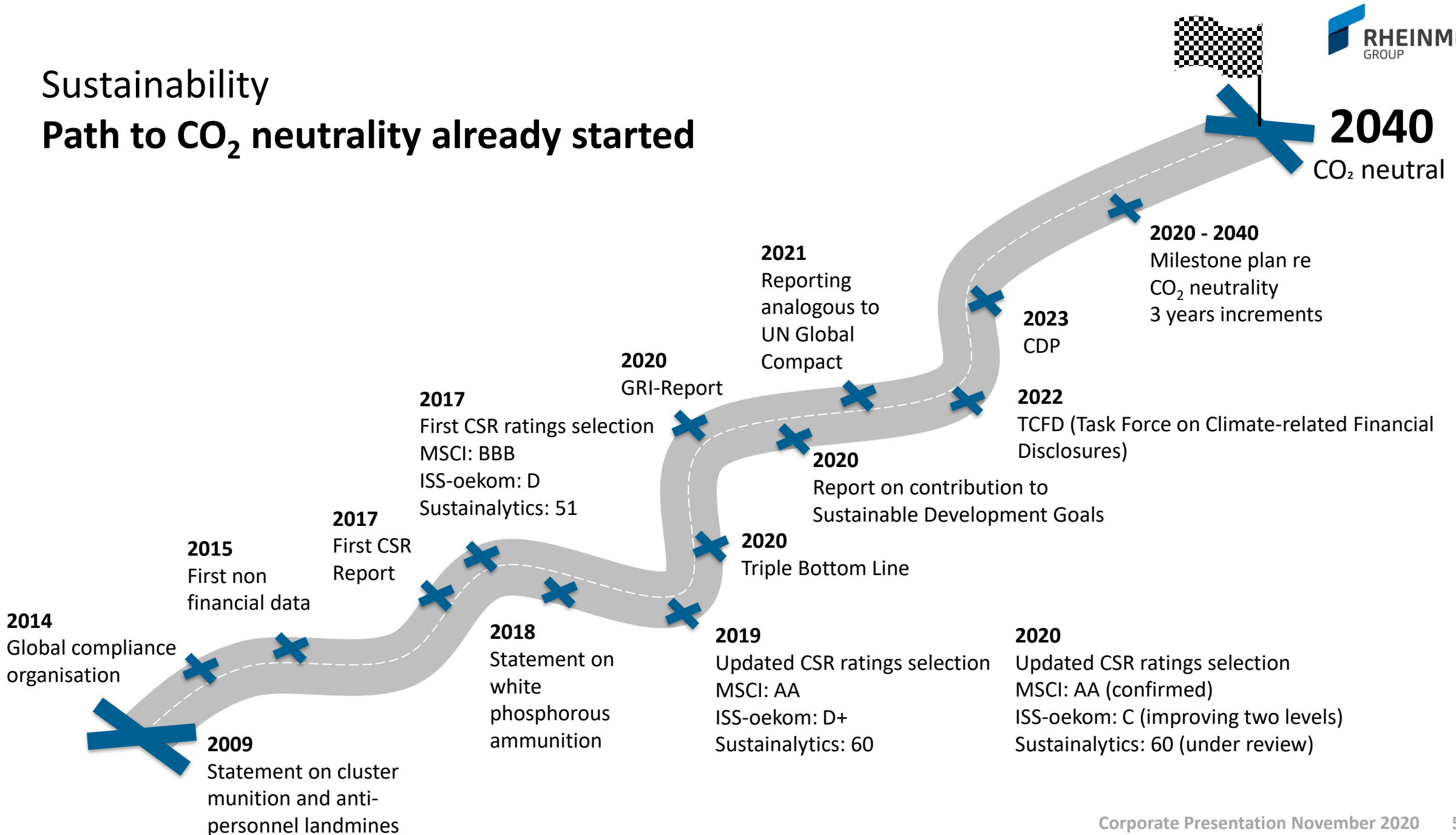
Guidance does not anticipate any significant adverse impact on production, supply chain and market demand from second Covid wave



Appendix

Sustainability

Path to CO₂ neutrality already started



Sustainability

ESG @Rheinmetall

E

2040
CO₂
neutral

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

S

Social
Responsible

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

G

Robust
Governance
Model

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

Active board remuneration schemes

Current and new remuneration policy for contracts starting in 2020

Current policy

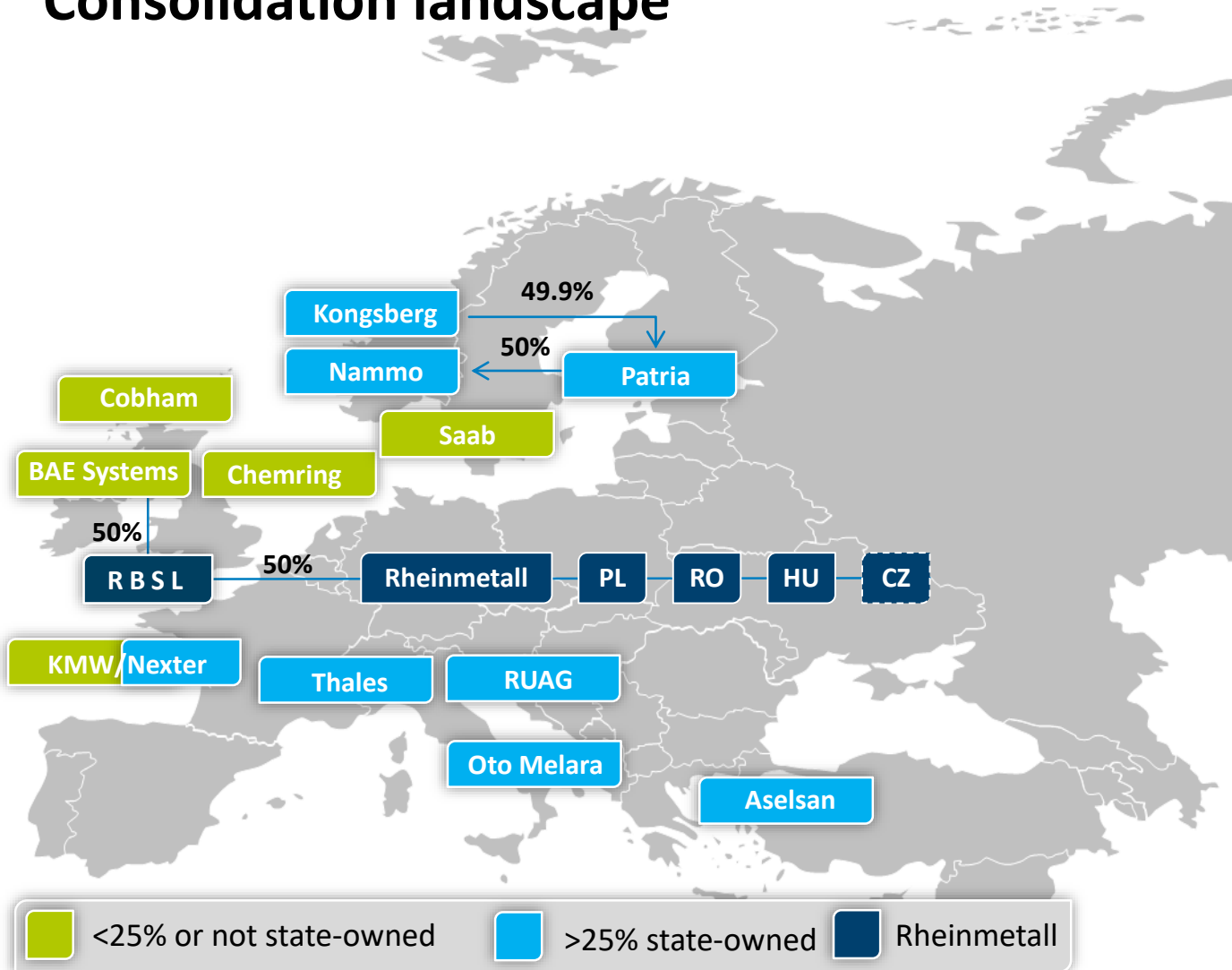
New policy

| | | | | | | | | | | | |
|---|--|---------------|--|-----|-----|--------------------------------------|--|--------------------------------|---------------------------|--|--------------------------|
| 100% annual target salary | Fixed annual remuneration 60% over 12 months, including fringe benefits | | Fix | 39% | 33% | Fix | Fixed annual remuneration over 12 months, including fringe benefits 60% | | 100% annual target salary | | |
| | STI ¹⁾ 40% | | EBT 50% ROCE 50% Threshold $\leq 70\%$ - $\frac{100\%}{100\%}$ - $\geq 110\%$ Payout (linear) $\frac{0\%}{100\%}$ - $\frac{100\%}{200\%}$ (cap) | | STI | 27% | 22% | STI x Modifier (+/- 20%) | | financial targets (EBT, ROCE) & non-financial targets (e.g. strategy implementation and sustainability) Threshold $\leq 80\%$ - $\frac{100\%}{100\%}$ - $\geq 120\%$ Payout $\frac{0\%}{100\%}$ - $\frac{100\%}{250\%}$ (cap w/o Modifier) | STI ¹⁾ 40% |
| | LTI 3 years \emptyset EBT (100% at €200m, cap at €300m) Individual factor Payout (50% shares (4 years deferred) + 50% cash + 20% of share value in cash) | | \emptyset EBT x Factor | 34% | 45% | \emptyset EBT x Factor + TSR | I 3 years \emptyset EBT (100% at €500m, cap at €750m) (individual factor) 50% II TSR vs peer performance (adj. TSR MDAX) 50% \emptyset last 12 months (div. adjusted) TSR vs adjusted MDAX; ranking of companies by percentile; payout calculated by base LTI value multiplied by % linked to percentile performance | LTI | | | |
| Special bonus in exceptional cases at the discretion of the supervisory board | | Special bonus | | | | | | | | | |

100% total active compensation ¹⁾

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

European Defence Consolidation landscape



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

Rheinmetall's approach:

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

Capital allocation

Our capital allocation policy is geared towards further growth

Funding of growth (organic and M&A)

Dividend to shareholders (Payout ratio 30-35%)

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

Group 2015 – 2019

Key figures (as reported)

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

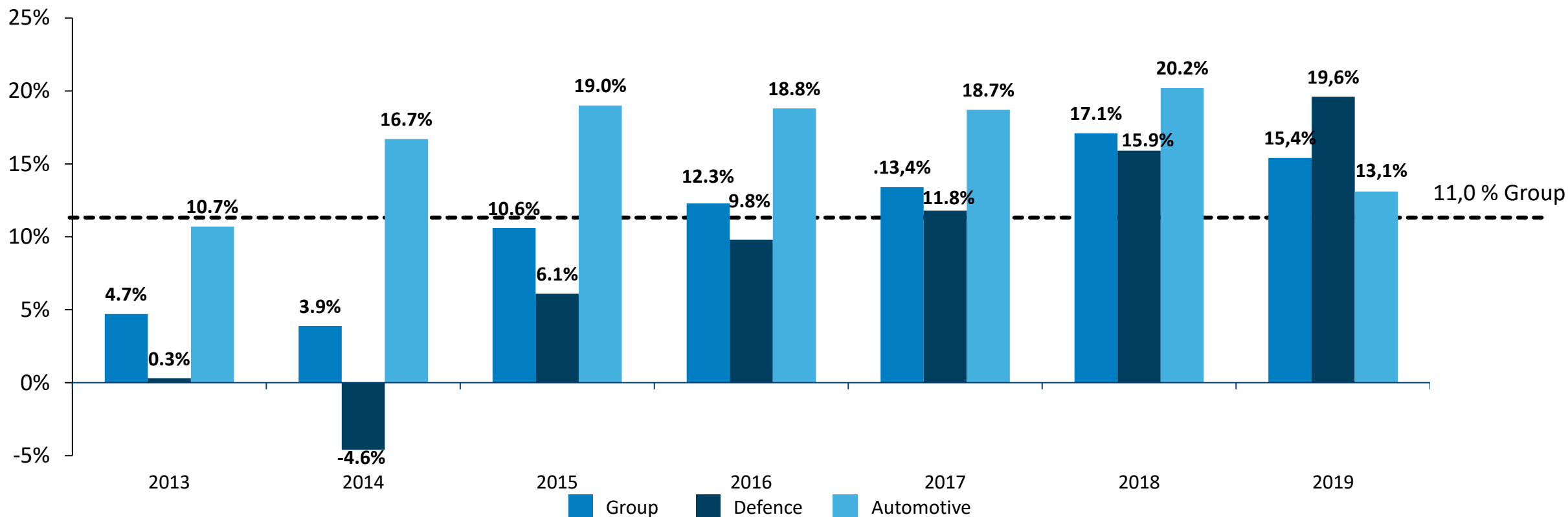
Segments 2015 – 2019

Key figures

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

Continuing ROCE improvement

■ ROCE
in %



Next events and IR contacts

■ Next Events*

Deutsches Eigenkapitalforum
 Berenberg, European Conference
 Credit Suisse, Industrial Conference

Commerzbank, German Investment Seminar
 Bank of America SMID Cap Conference
 Kepler Cheuvreux UniCredit, German Investment Seminar

FY Earnings release

16 November 2020
 2 December 2020
 3 December 2020

12 January 2021
 13 January 2021
 18/19 January 2021

18 March 2021

*All events will be conducted as virtual conferences

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■ Quick link to documents

Corporate Presentation



Interim Reports



Annual Reports



Disclaimer

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