



PASSION FOR TECHNOLOGY


Rheinmetall Investor Presentation

November 2021

PASSION FOR **TECHNOLOGY.**



Agenda



Rheinmetall at a glance



Market & Drivers



Five divisions under one roof



Financials



Outlook 2021



Responsibility @ Rheinmetall



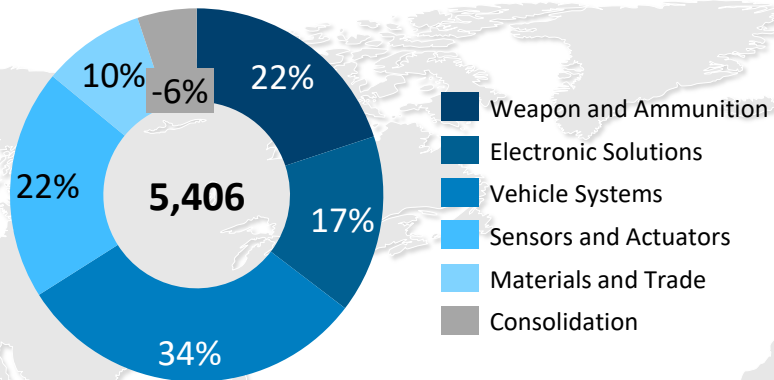
Appendix

Rheinmetall at a glance

Selected key business highlights

Sales by division

In €m

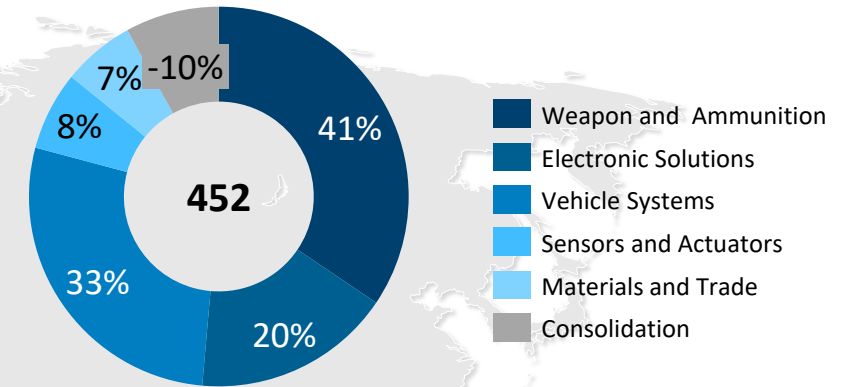


Business Model

- Defence system house with broad innovative product portfolio for land based operations
- Leading global Tier 1 automotive supplier with high-tech products for all powertrains (ICE, EV, FC)
- Components and subsystems for hydrogen technology in mobile and stationary applications

Result by division

In €m



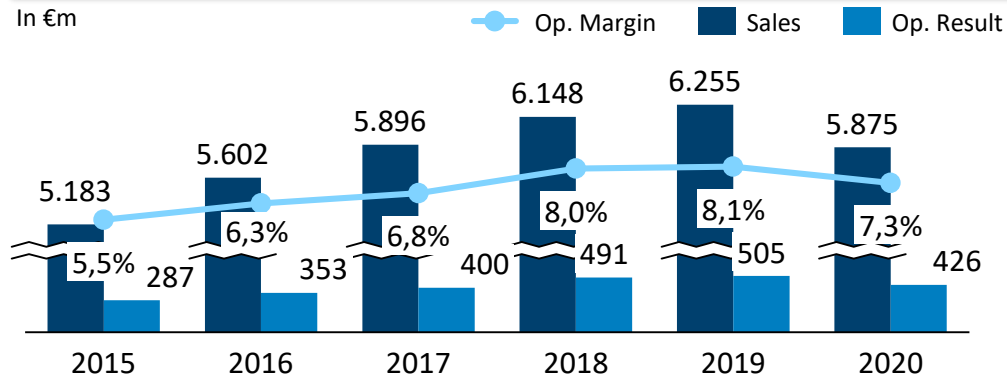
Market Driver

- Increasing demand for security due to geopolitical power shifts and constantly changing conflict situations
- Megatrend clean mobility supported by stricter regulation
- Growing importance of hydrogen to achieve climate goals

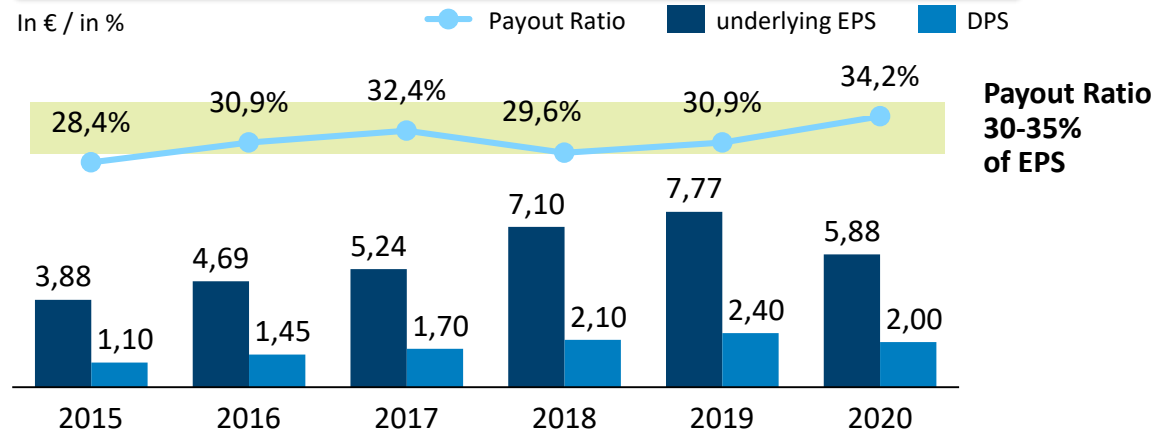
Rheinmetall at a glance

Historic financial development

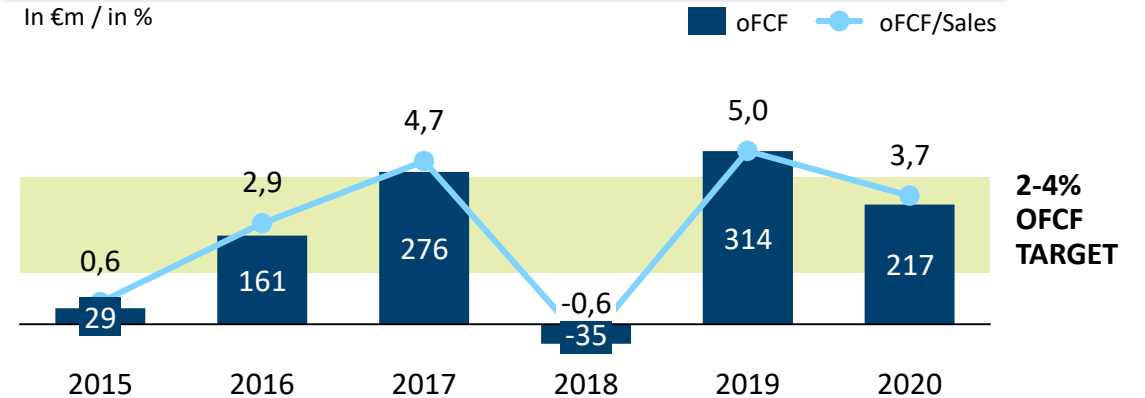
Sales, operating result and operating margin



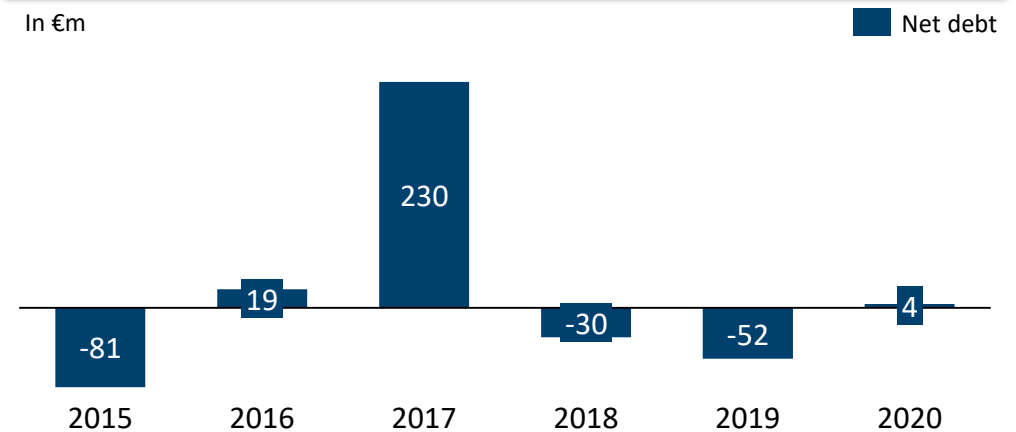
Earnings and dividend per share



Operating FCF and operating FCF to Sales

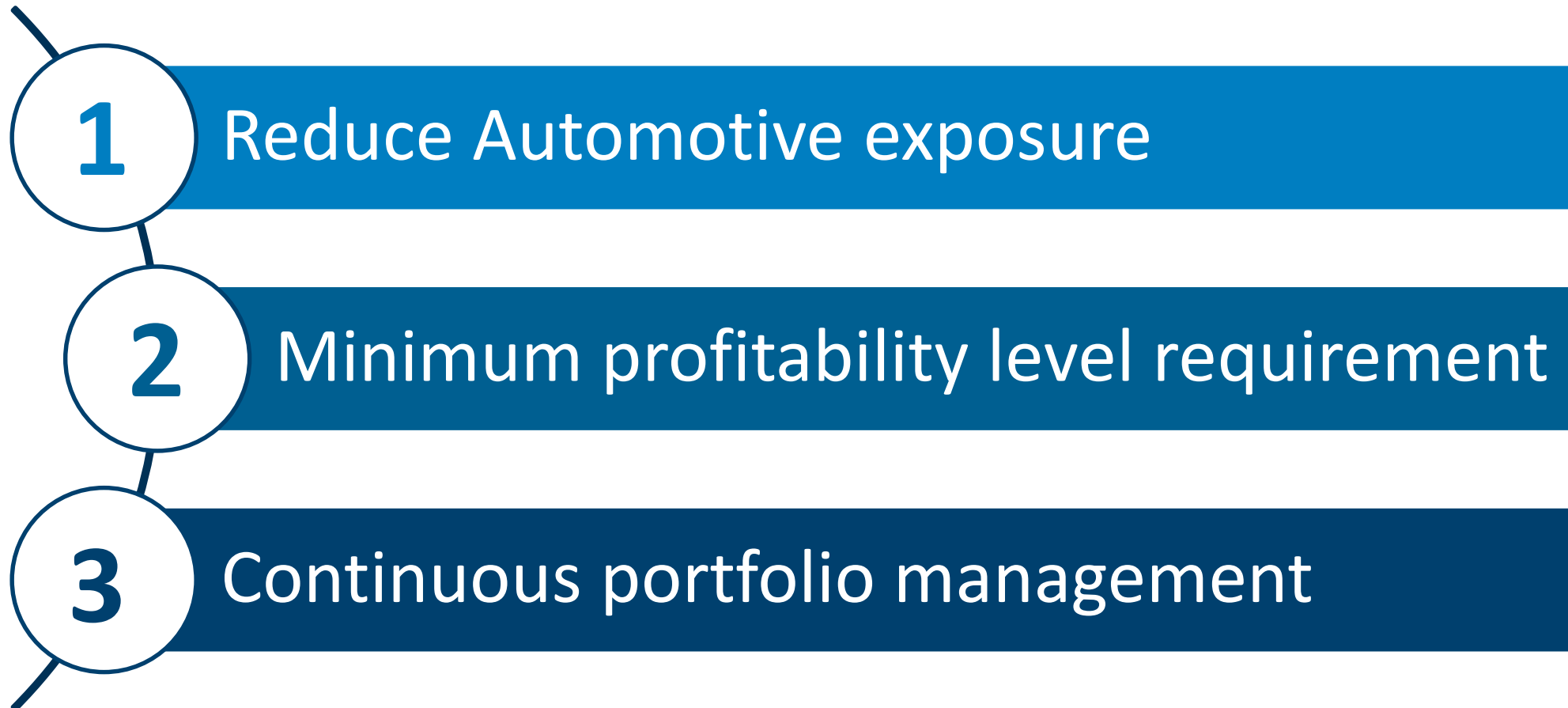


Net financial debt



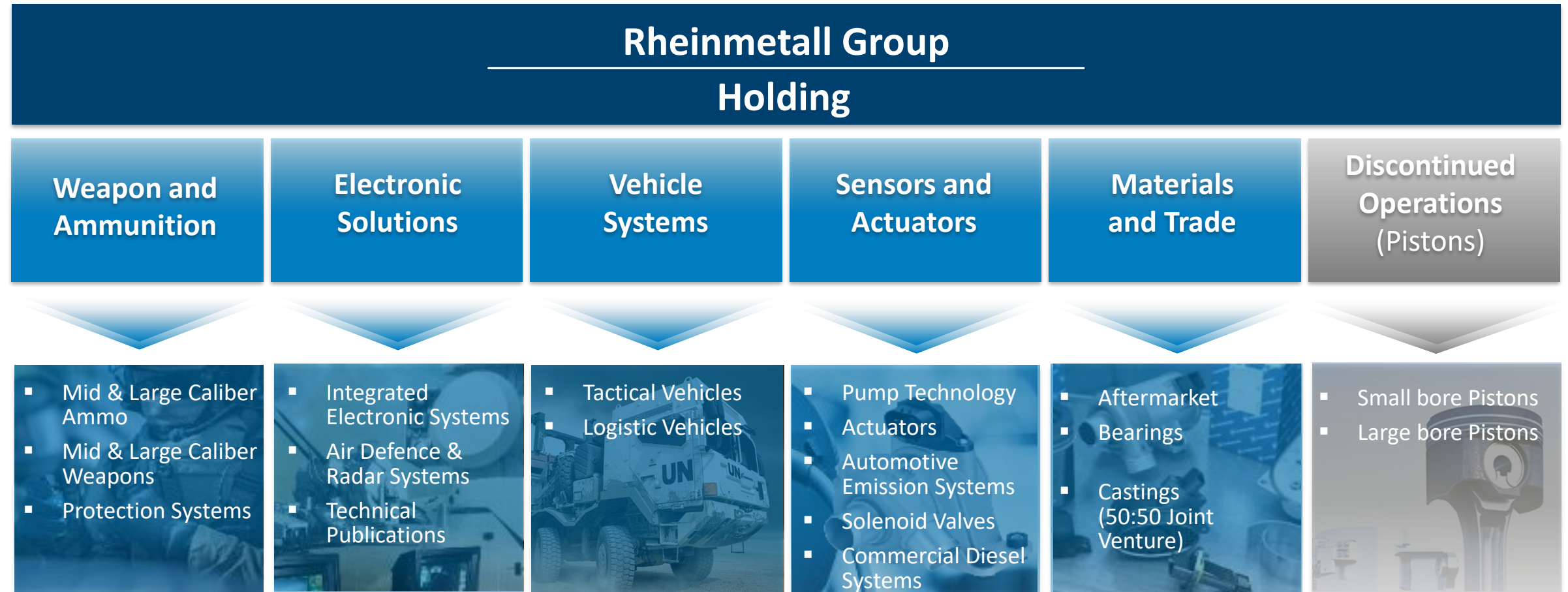
Rheinmetall at a glance

Management sets clear strategic objectives

- 
- A vertical list of three strategic objectives. Each objective is preceded by a large white circle containing a blue number (1, 2, or 3). A thin blue line connects the circles, starting from the top left, passing through the middle of each circle, and ending at the bottom left. The text for each objective is on a dark blue background bar to the right of the circle.
- 1 Reduce Automotive exposure
 - 2 Minimum profitability level requirement
 - 3 Continuous portfolio management

Rheinmetall at a glance

The new corporate structure - Five divisions under one roof



Rheinmetall at a glance

Strategy as clear commitment to our technological leadership

ONE Rheinmetall Passion for technology

Re-organization to better fit our needs

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

Leverage our core technological strengths

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

Focus on growth business areas

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

Sustainability

Rheinmetall at a glance

Sustainability is a central component of our corporate strategy

FRAME-WORKS & INITIATIVES

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

ENVIRONMENT

- **Carbon neutral in 2035****
 - Improve energy efficiency
 - Increase self-generation of renewables
 - Switch to renewables
 - Continuous reforestation of FoJaNa***
- **Water consumption reduction of 10% until 2022**
- **Waste management**
 - Avoidance before reduction before recycling
 - Environmentally friendly disposal

SOCIAL

- **Covid response**
 - New business line for PPE and air filter systems
 - Comprehensive catalog of hygienic measures
 - Donation of PPE and sanitizers to communities
- **Health protection**
 - Reduction of LTIR from 5.9 in 2020
 - Extend ISO 45001 certifications for OSH management
 - Extensive and systematic protection of employees
- **Diversity**
 - Promote diversity, equity and inclusion
 - Best practices for female recruitment and careers

GOVERNANCE

- Rigorous governance structures with strict compliance organization especially for export control, trade and tax compliance
- Continuous improvement of ESG transparency and ratings
- ESG objectives introduced in the variable compensation of top and middle management (20 % as part of LTI remuneration package)

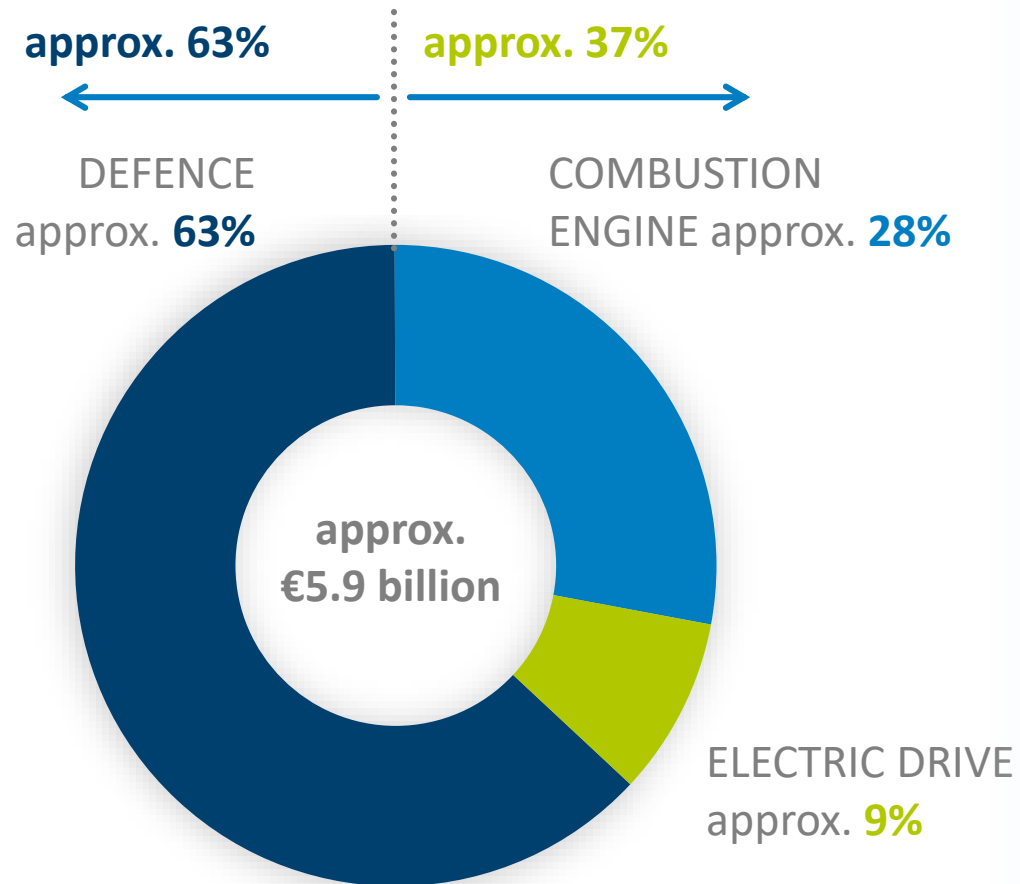
MAIN RATINGS

MSCI: AA Industry Rating Distribution: 22% of 36 companies score AA or better	ISS ESG: C A&D Industry Rating Distribution: 15% of 65 companies score C or better	Sustainalytics: 31.2 Peer Group A&D average 38.1, ranked 18th out of 89	S&P: 20 Industrial conglomerates average: 30
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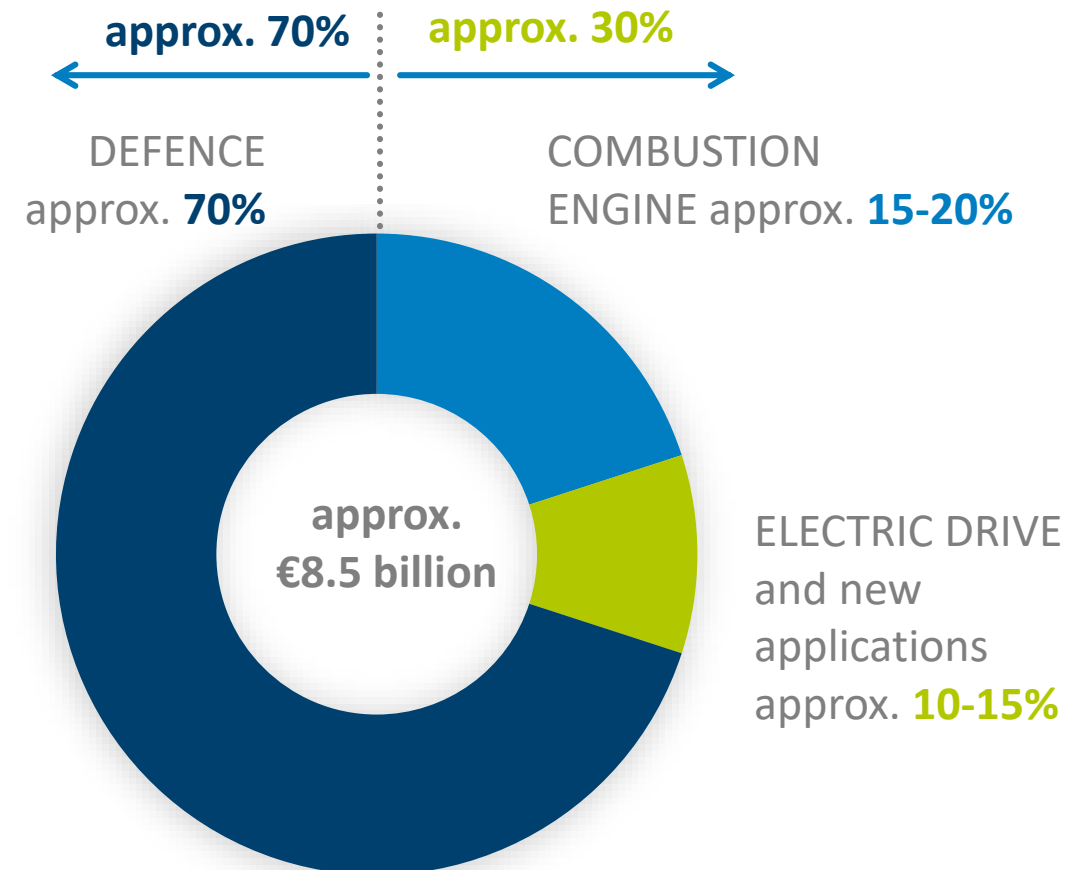
Rheinmetall at a glance

Strong focus on defence – combustion engine share below 20%

Sales 2020



Target sales 2025



Rheinmetall at a glance

New strategy supports mid-term growth path

Market drivers

- Tightening and additional emission regulation
- Proliferation of regulation to new regions
- Increasing demand for security with growing defence budgets in relevant markets
- Connectivity and digitalization of armed forces
- Modernization of existing platforms
- New platform solutions for hydrogen/hybrid

Financial Targets 2025

ATTRACTIVE GROWTH PROFILE

Sales target 2025



~ 8.5 € bn

HIGHER PROFITABILITY


Return target 2025



≥ 10%

CASH GENERATION

Cashflow to sales target 2025



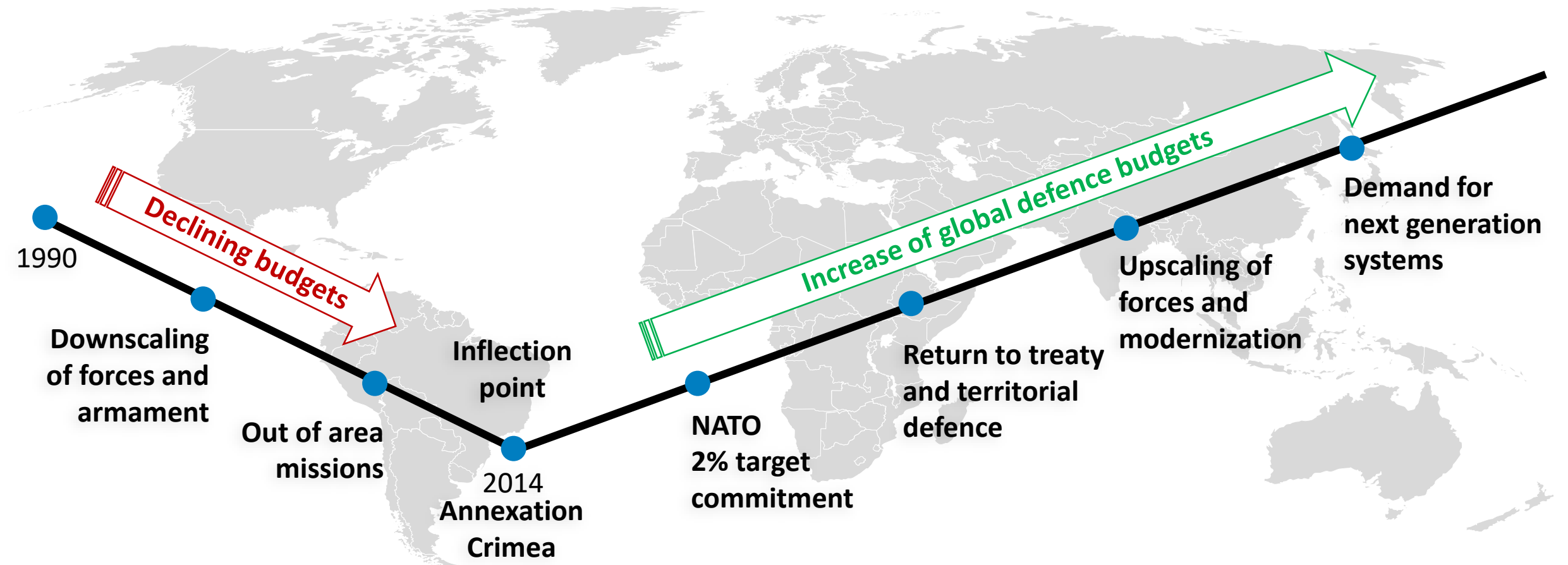
3-5%



Markets & Drivers

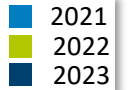
Markets & Drivers

Participating in the defence super cycle



Markets & Drivers

Defence budgets demonstrate robustness despite Covid



Threat scenario persists

- Russia and China defence spending increased at 10% CAGR* during the last decade
- European defence emancipation becomes more popular

Tender ongoing

- Large vehicle programs with temporary delays, but no cancellations
- Modernization programs remain key priority
- Positive outlook for tender pipeline

All data public defence budgets for the years 2021-2023, Hungary based on Jane's data

*Sipri: Defence budgets 2009 to 2019

Markets & Drivers - Home Markets

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

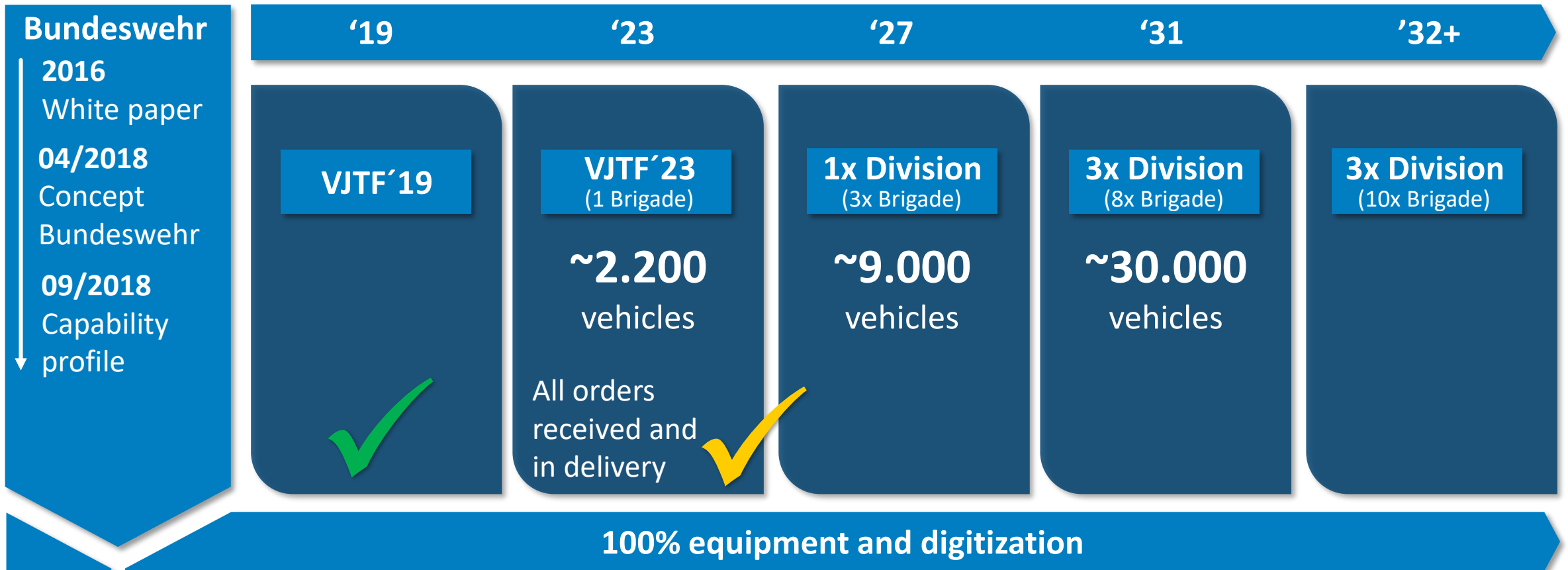
Central Europe

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

German defence

NATO commitment key driver for German demand

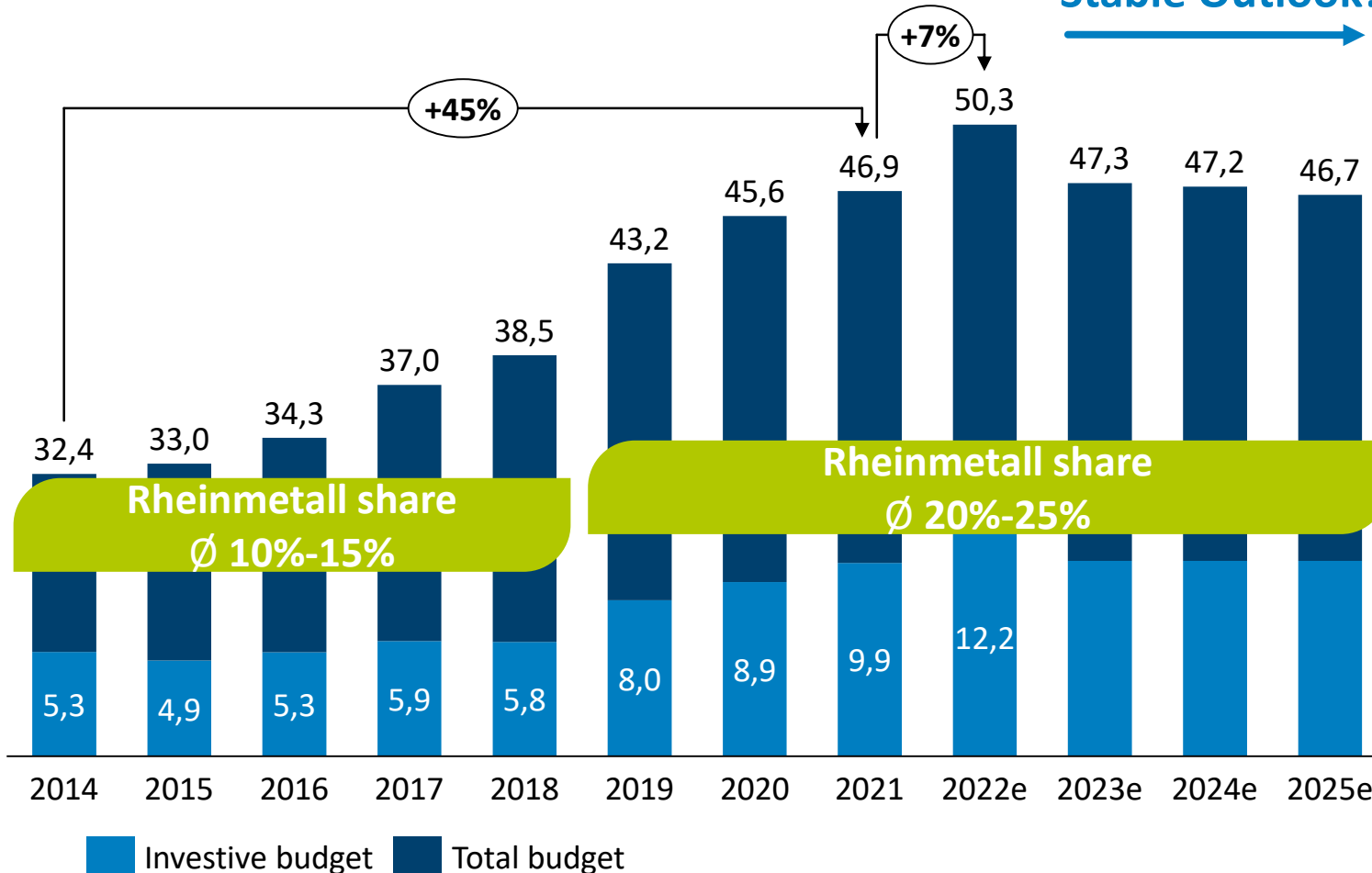
Lead role in Very High Readiness Joint Task Force (VJTF)



Markets & Drivers - German defence budget

German budget expected to rise to 50€bn with increased investive share

in €bn



Drivers for budget increase:

- More equipment (100% equipment level)
- More finance, investive share reaches double digit billion level for the first time ever
- Defence budget stabilized on elevated levels over the financial planning period

NATO commitment as strong driver!

Markets & Drivers - German defence budget

Targeting new businesses and increasing our budget share up to 35%

Investive

- Ammunition yearly requirement & stockpiling
- Puma 2. Lot & Upgrade 1. Lot
- Leopard 2Ax
- Fuchs
- Boxer
- HX2 Trucks
- Digitization of ground forces

- Ammunition logistic service
- Construction & operation of field camps
- Garment logistic & management

Service

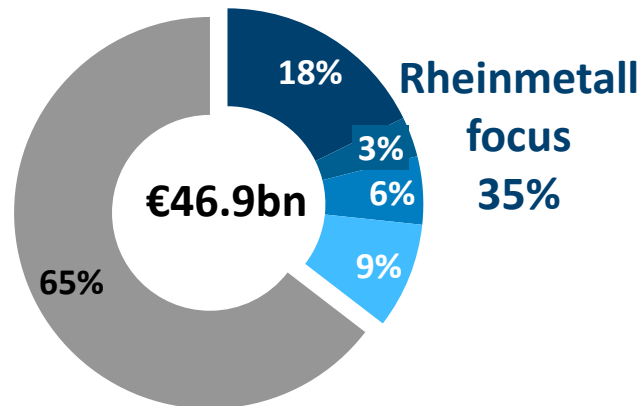
Research & Development

- Future Combat Air System (FCAS)
- Main Ground Combat System (MGCS) (national)
- Future Artillery ("ZukSysIndF")
- High energy laser (HEL)
- Hybrid drive

- Protect & Grow Core Business Vehicle Service
- Introducing performance based logistics contracts in land domain
- Strong growth potential for aviation maintenance, repair and overhaul

Maintenance

German defence budget 2021

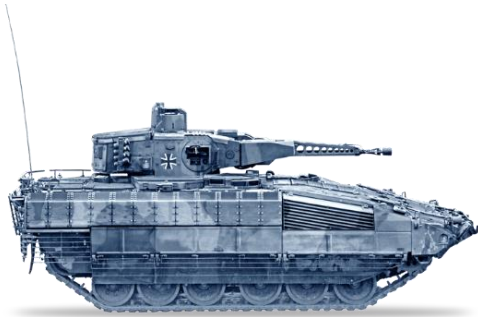


Markets & Drivers - German defence budget

Soldier system and Puma VJTF drive digitization of German landforces

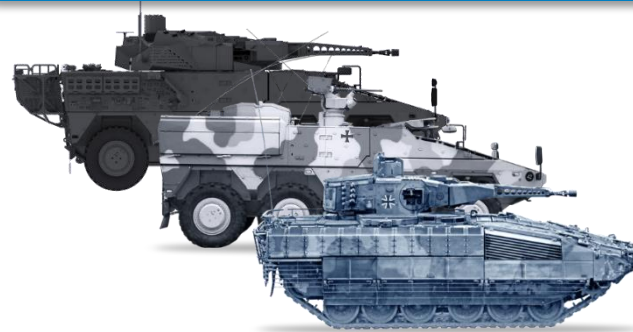
Core of the digitization of the German land forces

VJTF Contract for 41 PUMA & IdZ:
First digitized Land Platform



Soldier System is needed to
connect the soldier with the
modernized vehicles

Minimum additional demand



Minimum of 143
additional platoons
Systems IdZ: ~1 Mrd €

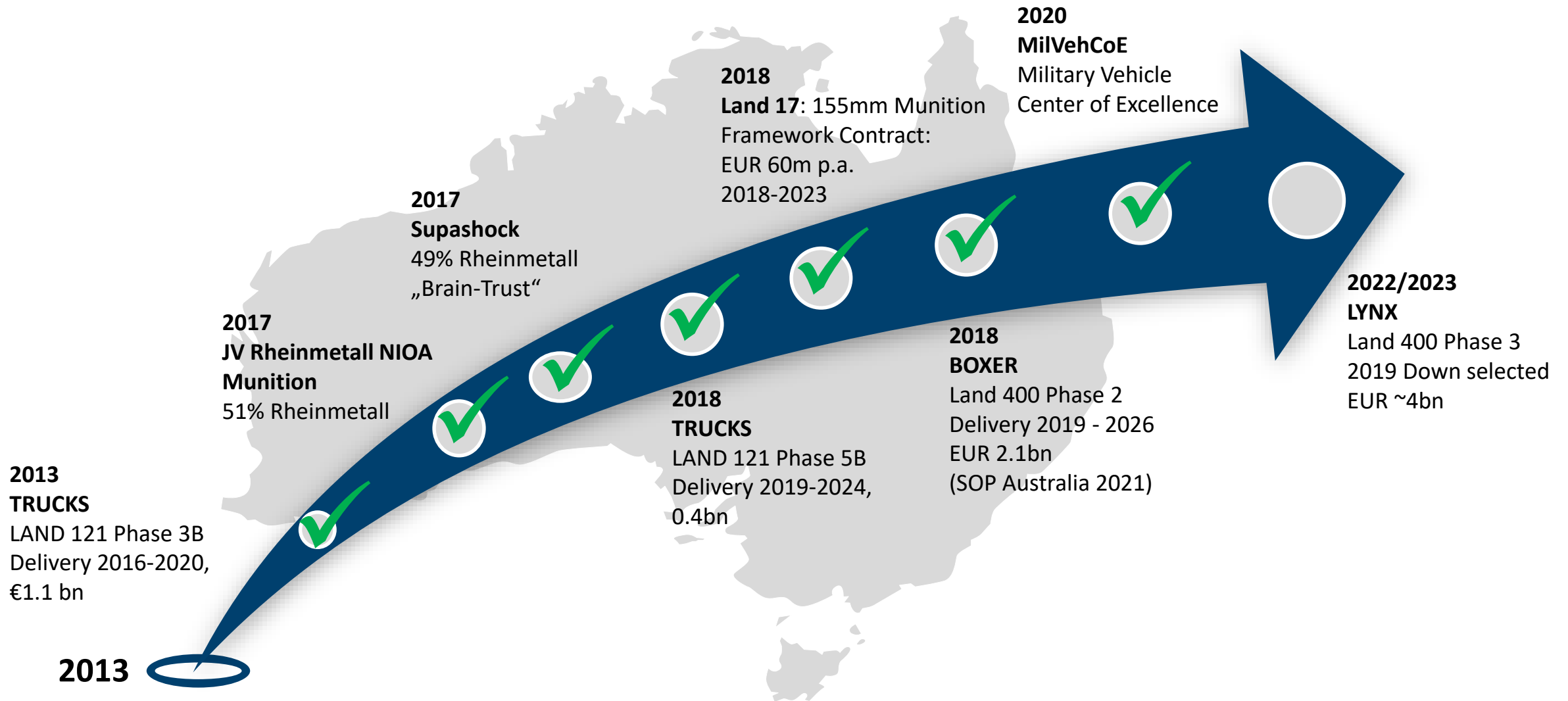
Blueprint for upgrading existing land systems in service



Need to digitize each
& every land platform
till 2031: ~10 Mrd €

Markets & Drivers - Home Markets: Australia

Successful establishment of a new “home market”



Markets & Drivers - Home Markets: UK - Joint Venture with BAE

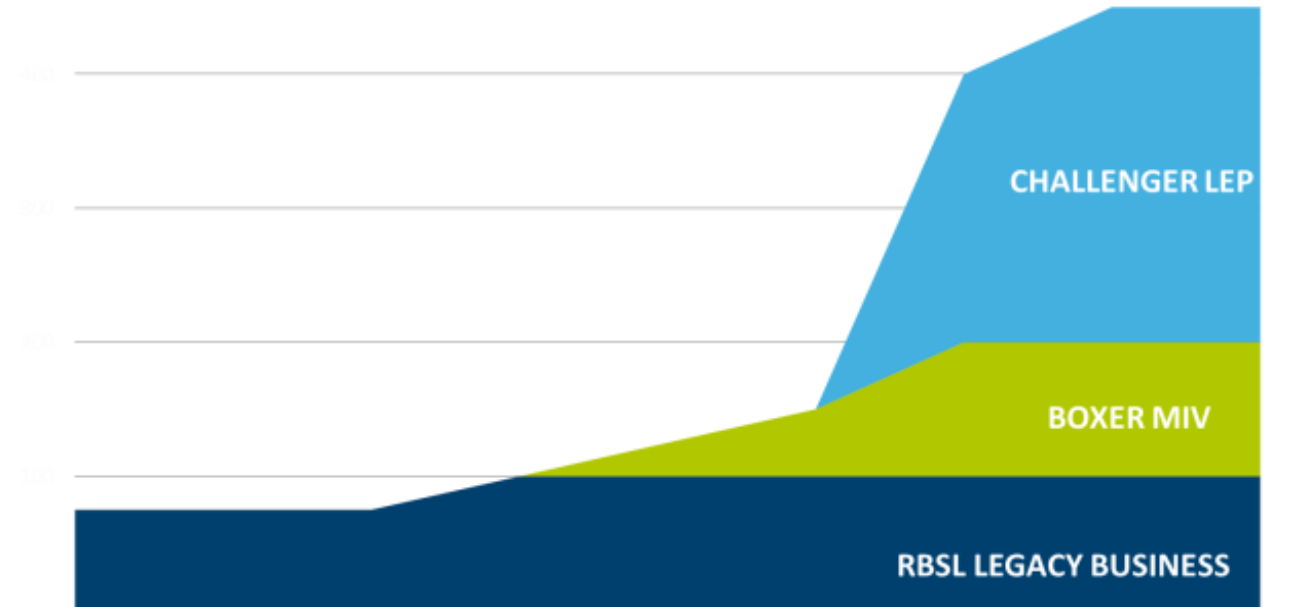
Creating a new “home market” in the UK

LEGACY BUSINESS OFFERS POTENTIAL

- BAE UK business
- Armored 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

- Boxer Mechanized Infantry Vehicle (MIV)
 - 500 vehicles @ € 1.4bn
- Challenger 3
 - € 770m vehicles + additional ammunition
- Next generation of battle tanks



Markets & Drivers: Vehicles Systems

Competitive vehicles portfolio offers huge order potential

Infantry fighting vehicles

- Puma
- Lynx

~€15 – 40 bn

Main battle tanks

- Leopard
- MGCS

~€4 bn

Wheeled vehicles

- 4x4 HU JV
- 6x6 New Fox
- 8x8 Boxer

~€5 – 6 bn

Trucks

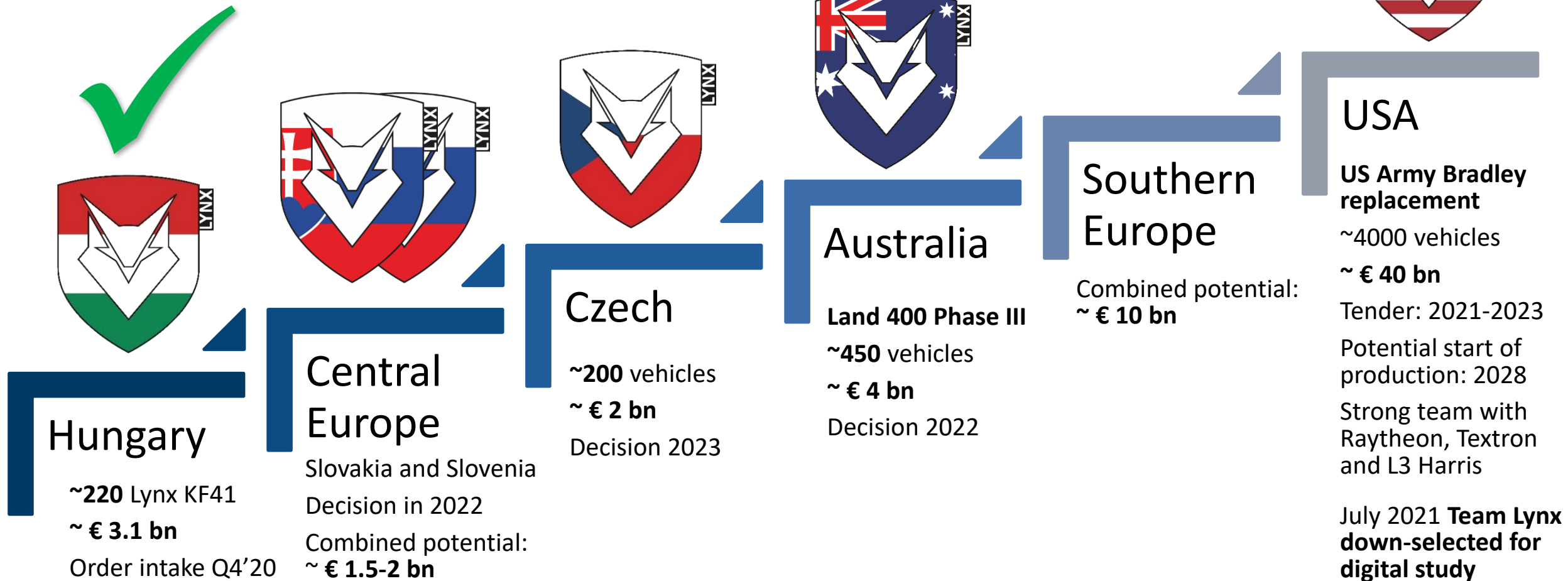
- HX-Family
- Future trucks

~€7 – 8 bn

10 years' order potential of ~€ 30 to ~€ 60 bn

Markets & Drivers: Vehicles Systems

Hungary is a catalyst for future success of our Lynx



Markets & Drivers: Weapon and Ammunition

Mid-term growth based on three pillars

German restocking

NATO target:

- Inventory level of 30 days for ammunition ¹⁾
- German inventories expected to grow towards this target

Potential of rising German ammunition sales from currently ~€200m p.a. in the mid-term

New platforms creating additional demand

- Australian Boxer ²⁾
- Hungarian Lynx ²⁾
- UK Challenger ²⁾
- Additional Lynx

New ammunition required!

International Growth

Expand international market share

Diversification of demand

Markets & Drivers: Electronic Solutions

Active in very dynamic markets

Digitization of forces

- **D-LBO**
 - Helping to build the digital backbone of the German forces
- **Soldier systems**
 - System provider to the German army
 - Piggyback Lynx to cross sell soldier systems

Turret Digitization

- **Challenger upgrade**
 - Most modern digital MBT turret design
- **Leopard upgrade**
- **MGCS development**

Air Defence Systems

- **Effector efficient air defence**
 - Gun
 - Laser
 - Missiles
- **Best counter drone strategy!**

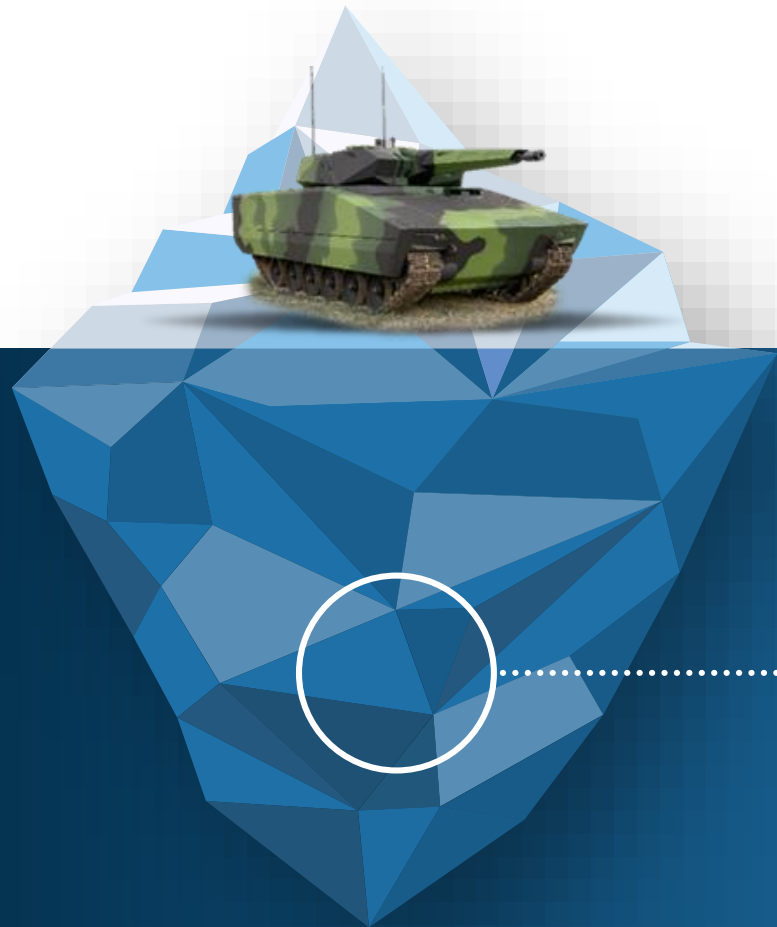
Simulation and Training

- **Growing demand in digitized training for new platforms**
- **Digitization of battlefield simulation**

Favorable demand development across core activities

Markets & Drivers: Product life cycle potential

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



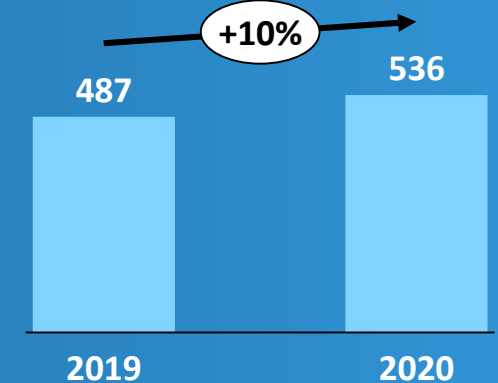
1X SALES OF PLATFORM

2X LIFECYCLE SPENDINGS

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

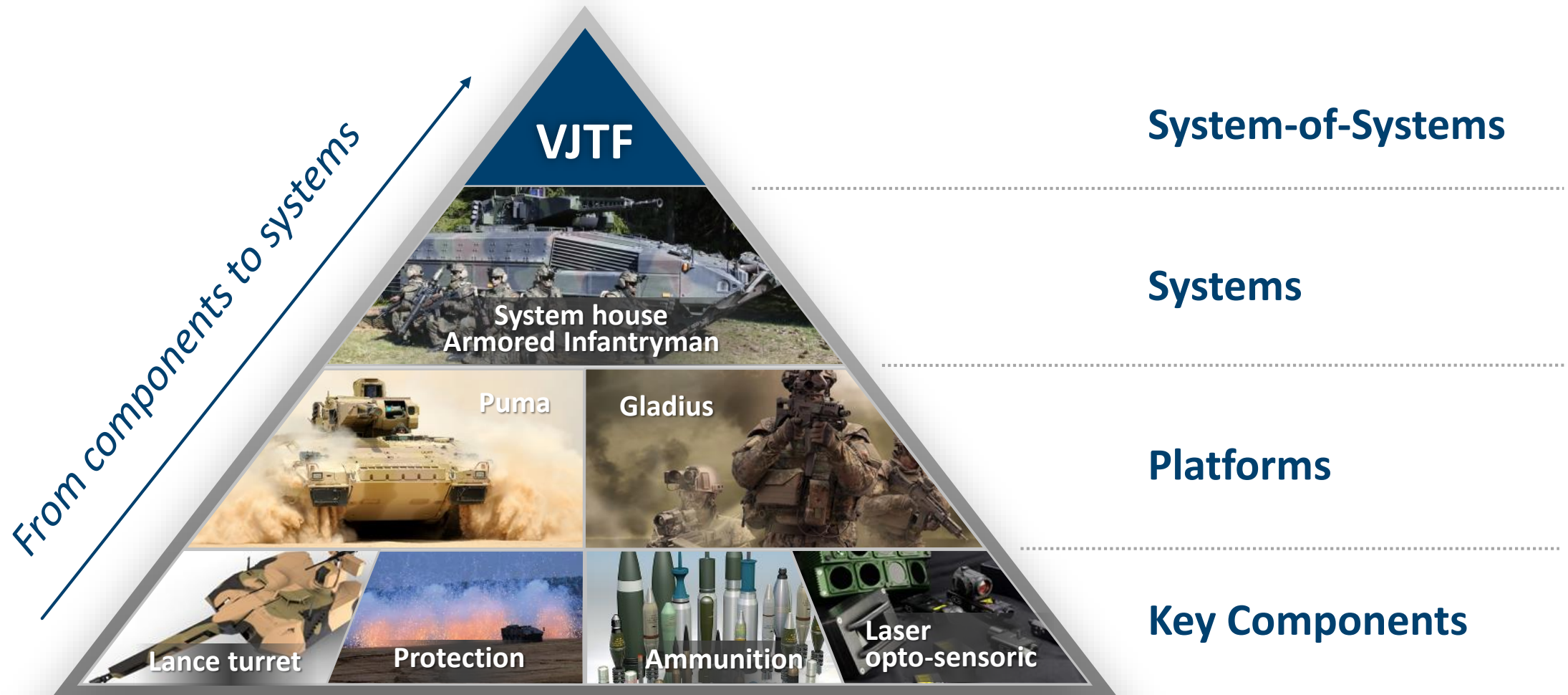
- Ammunition
- Spare parts
- Service & Maintenance
- Training & Simulation
- Technical Documentation
- Upgrades (Life time extension)

Service sales
in €m



Markets & Drivers: Product life cycle potential

System house for land based operations and integrating components to systems



Markets & Drivers: Mid-term growth development

Growth in all divisions with Vehicle Systems as main driver

2020 Sales

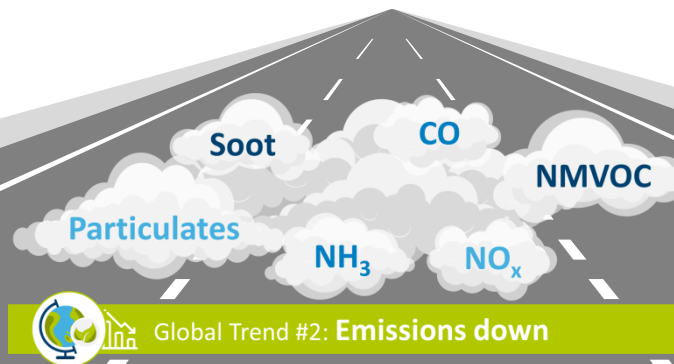
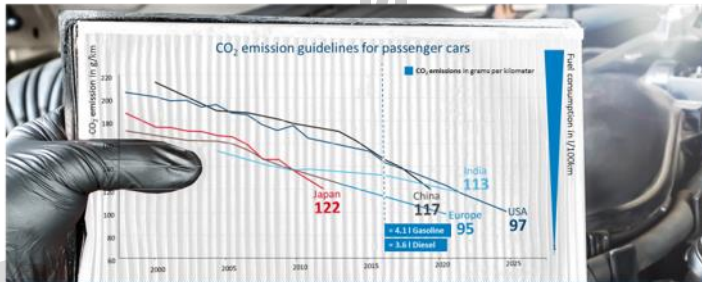
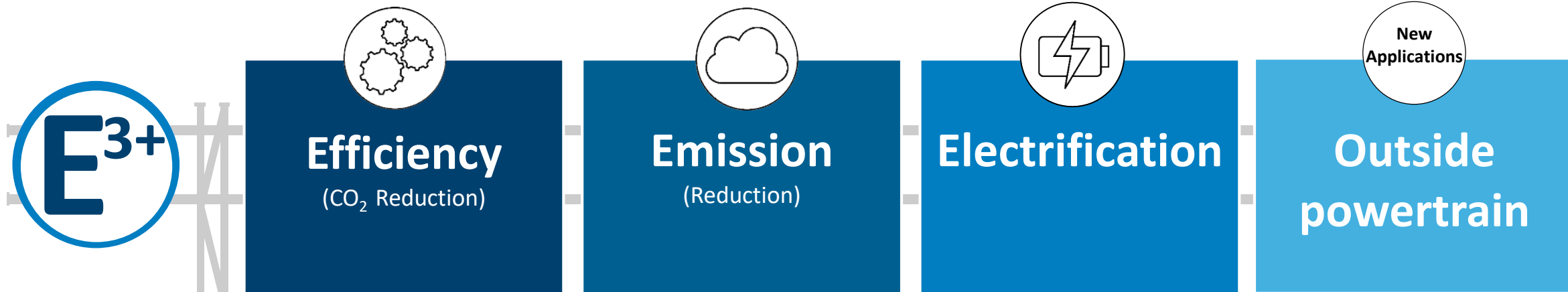
2025 Targeted Sales



% share based on unconsolidated sales **distribution**

Markets & Drivers: Market trends

Strong underlying growth drivers create opportunities



The innovation pipeline is packed!

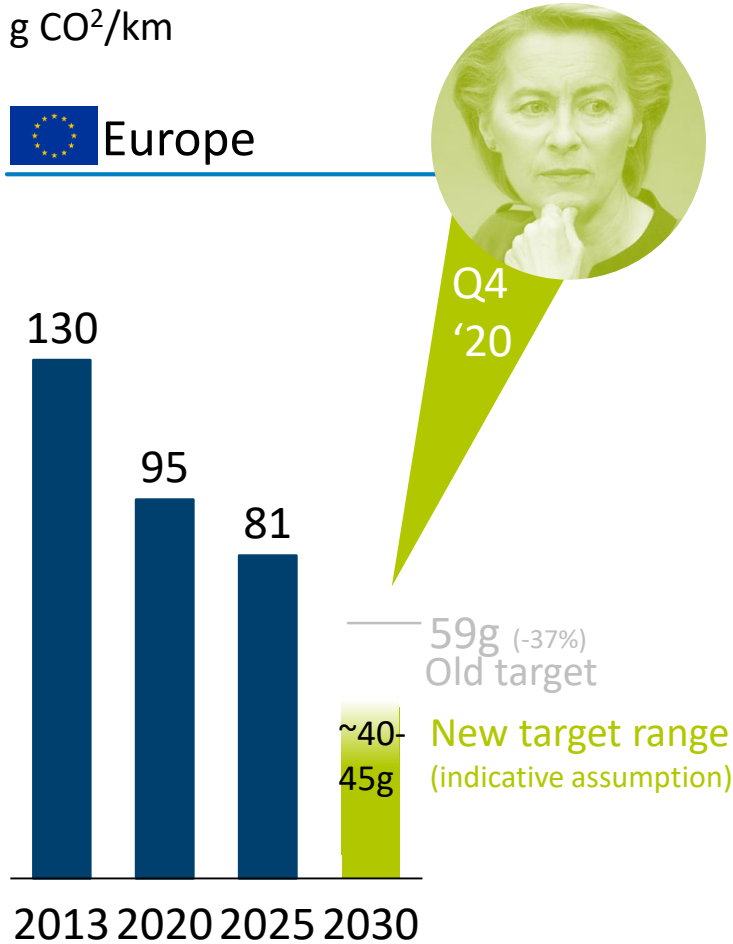
Markets & Drivers: Clean Mobility

Green ambitions as a clear global trend for cleaner mobility

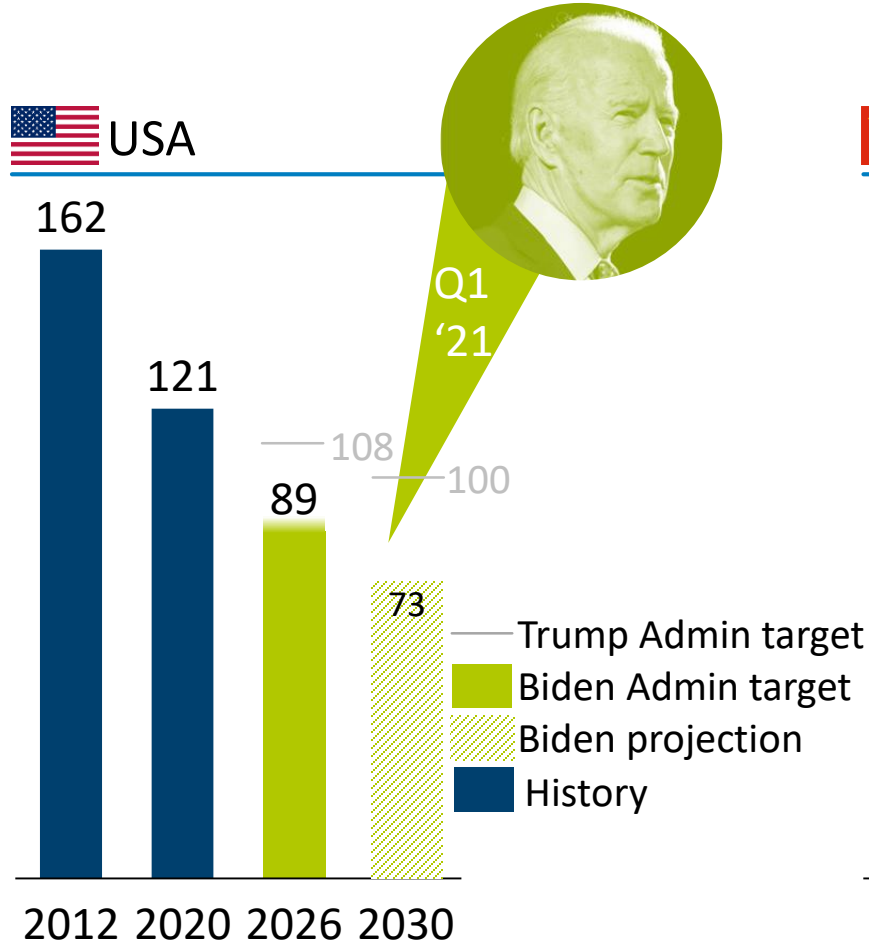
g CO²/km



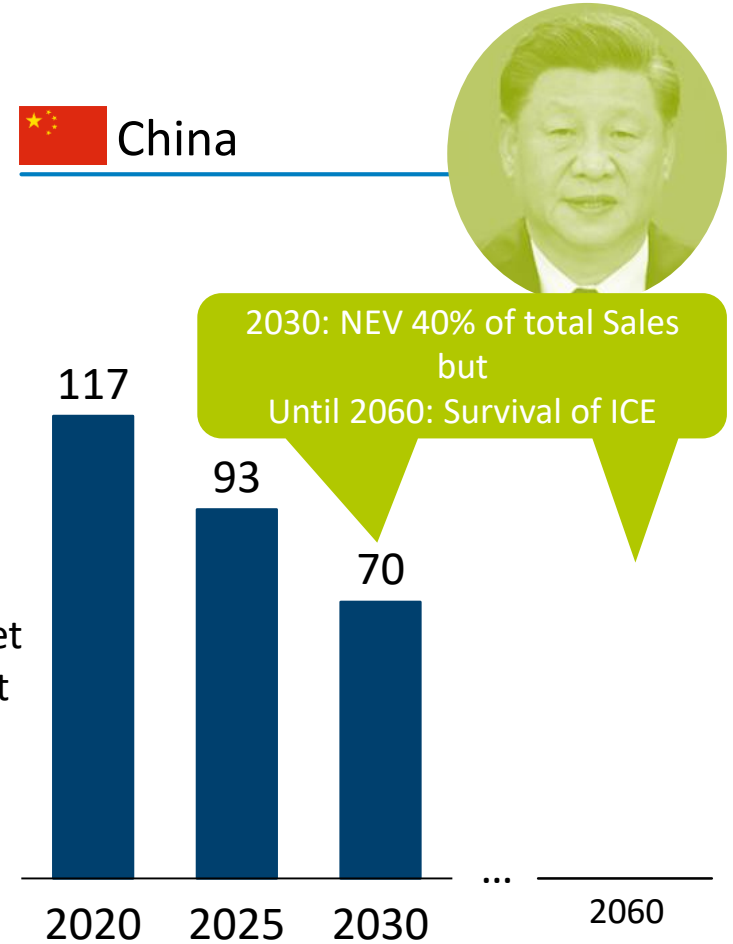
Europe



USA



China



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

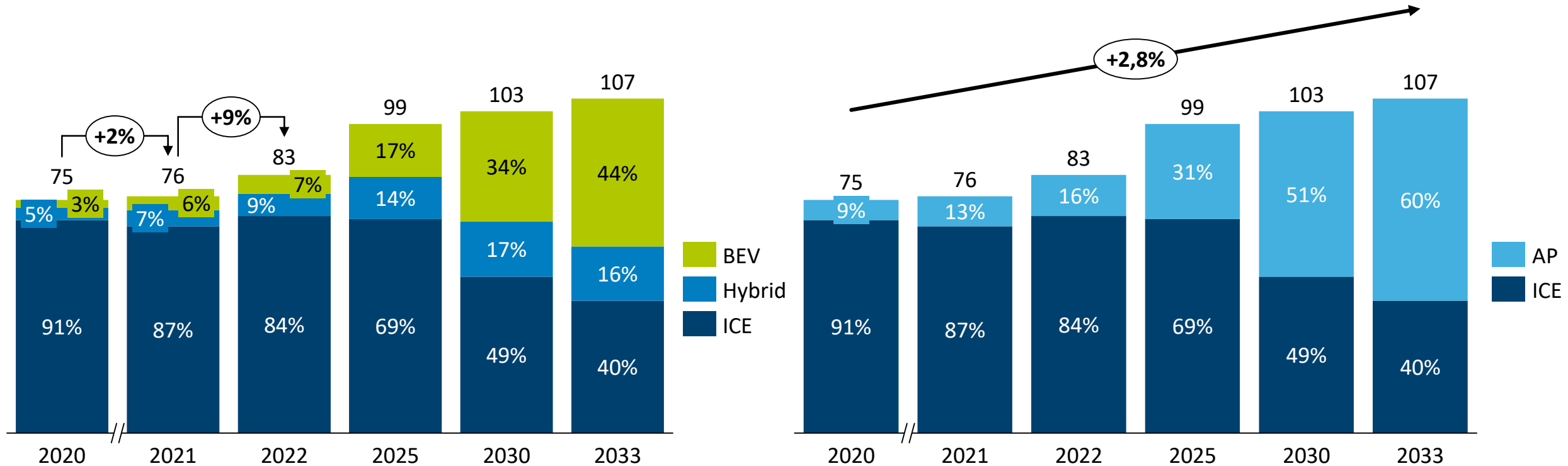
Jan 20th 2021, Biden announced to return to Obama's CO₂ roadmap for 2026. Exact target value for 2026 still to be announced.
2030 figures reflect projection, in case Biden Administration maintains that same pace of CO₂ reduction for '26-'30

Markets & Drivers: LV growth

Declining ICE volumes and accelerated growth for alternative powertrains

IHS LV production forecast*

In million units

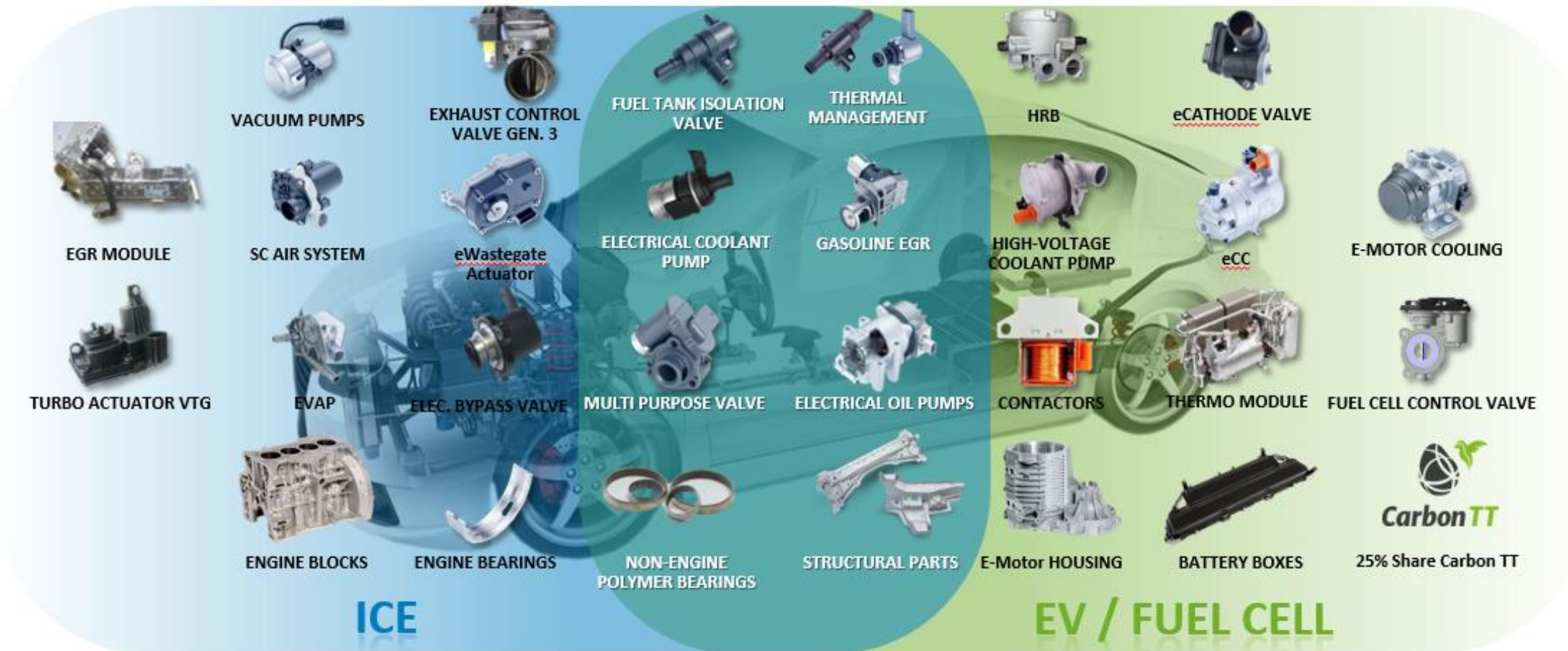


Note: ICE includes Diesel, Diesel mild hybrid, Gasoline, Gasoline mild hybrid, CNG and LPG; AP includes the rest

Source: IHS, Status 09/2021

Markets & Drivers: Mobility market trends

Rheinmetall portfolio already offers solutions for all powertrain technologies



Markets & Drivers: Sensors & Actuators

Prepared for future growth

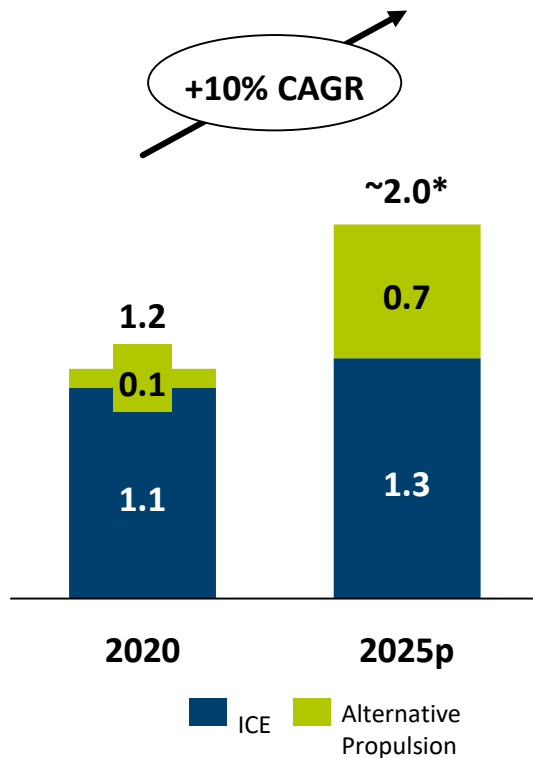
Outperforming the market

Innovative solutions for clean mobility

Growth in alternative powertrains (AP)

Diversify into new applications

* Estimated sales development in €m



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

Tighter Regulation of fuel fumes

Electronic Vapor Pump (EVAP)



Fuel Tank Isolation Valve (FTIV)



Electrified Mobility

Thermal Management



COOLANT PUMP



COOLANT VALVE



PROPORTIONAL-COOLANT VALVE

H₂ Products



H₂ Recirculation Blower



FUEL-CELL CONTROL VALVE



ELECTRICAL CATHODE VALVE

Sustainability and Performance

Thermal Management

- Server cooling
- 5G Base station & antenna

Air Management

- Air sanitification equipment

H₂ Applications

- Stationary fuel cell

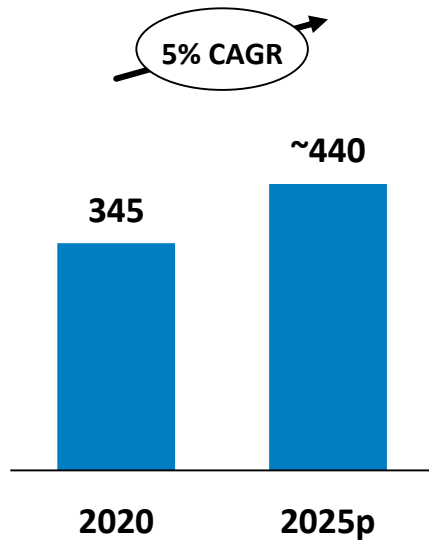
Markets & Drivers: Materials and Trade

Well positioned to capture growth opportunities

Aftermarket

Sales in €m

Solid profitability

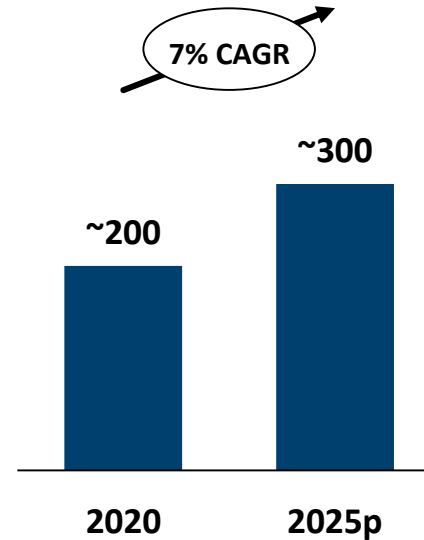


- Regional expansion
- **Increase** truck exposure
- **Sustainable margin >9%**

Bearings

Sales in €m

Shift to non-ICE applications

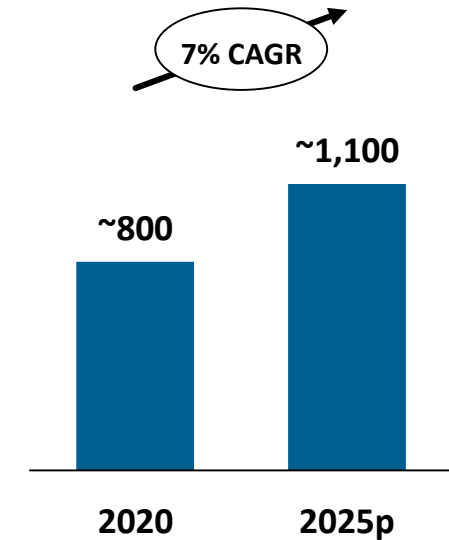


- Accelerate diversification
- Focus on industrials

Castings (Joint Ventures)

Sales in €m

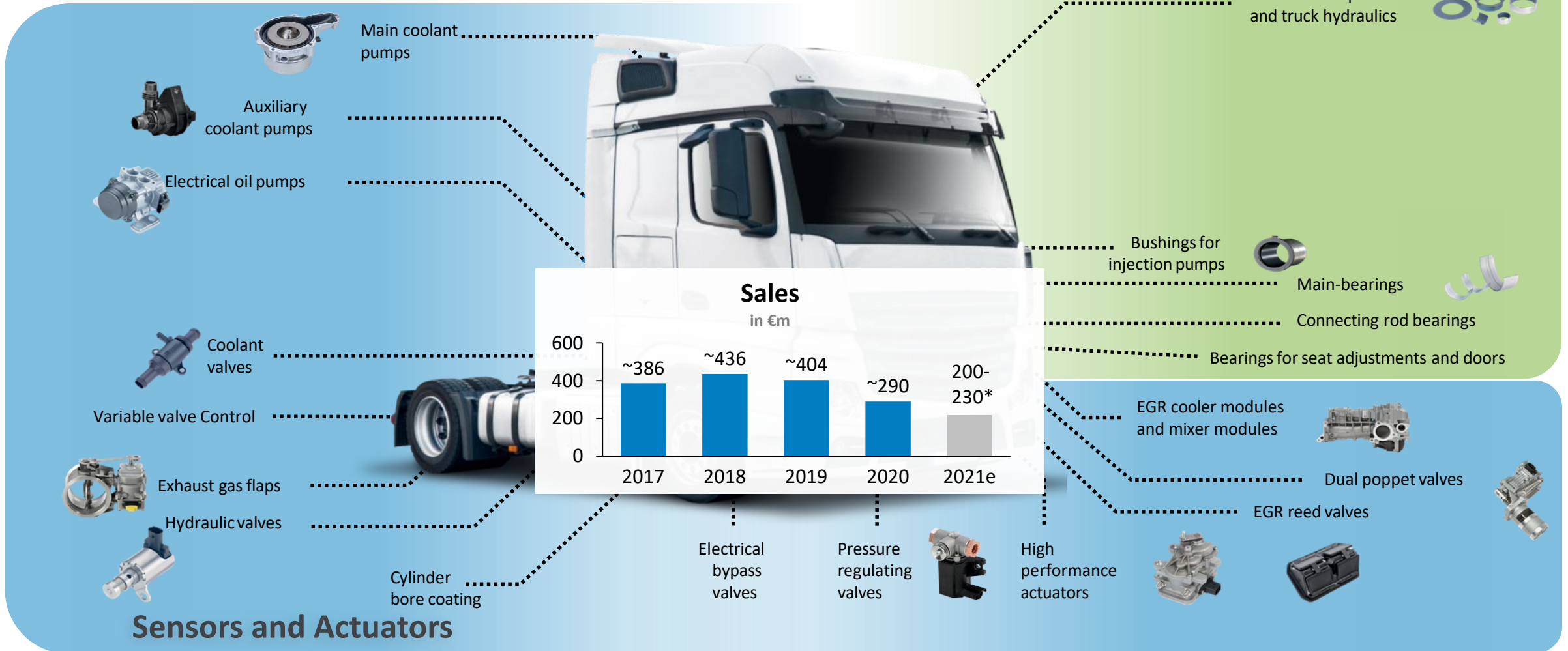
Technology leadership



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

Markets & Drivers: Trucks

Diverse portfolio for truck applications



Markets & Drivers: China

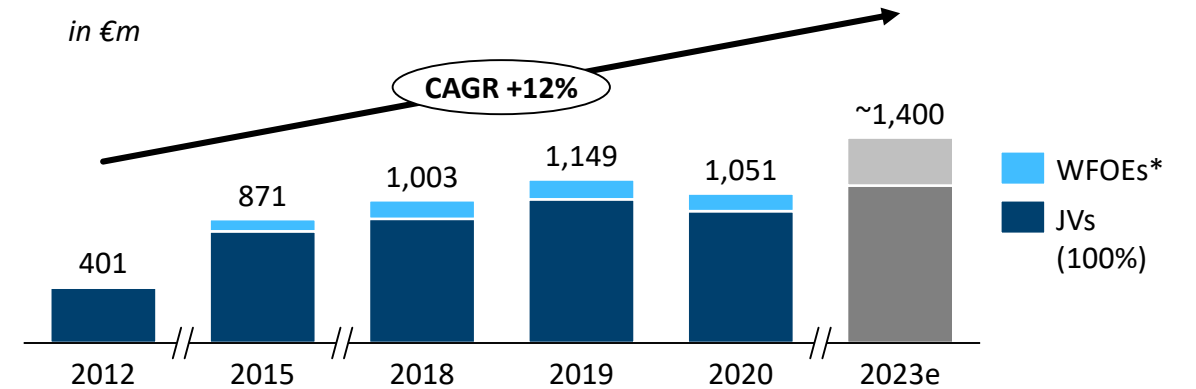
Chinese operations geared towards growth

Highlights

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

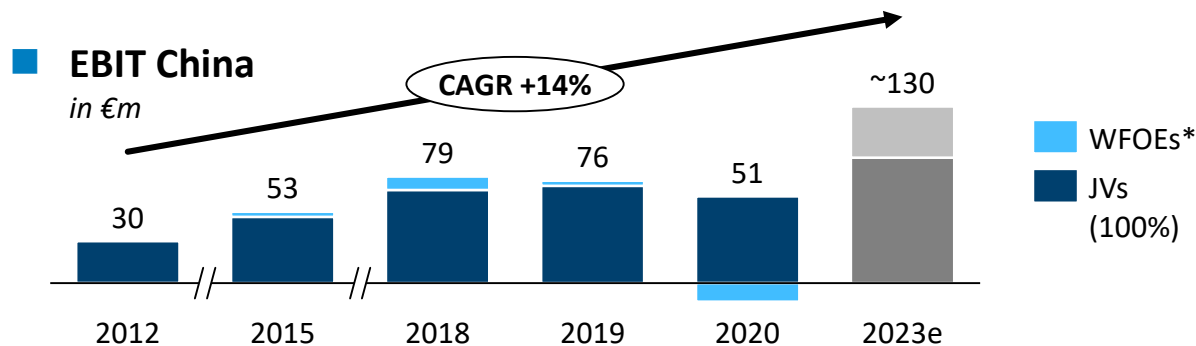
Sales China

in €m



EBIT China

in €m



VEHICLE SYSTEMS



WEAPON AND AMMUNITION



ELECTRONIC SOLUTIONS



SENSORS AND ACTUATORS



MATERIALS AND TRADE



Five Divisions under one roof

Five divisions under one roof

Division Overview: Vehicle Systems



2020 Results

Order intake €4,389m	Sales €1,823m
Operating result €150m	Operating margin 8.2%

Products



TACTICAL VEHICLES



LOGISTIC VEHICLES

Market profile

Key Competitors

- **Logistic Vehicles**
Scania, IVECO, Daimler
- **Tactical Vehicles**
BAE Systems, KNDS, General Dynamics, Hanwha, Thales

Differentiators

- International footprint
- Broad product portfolio
- System integrator
- Modular and open architecture
- Excellent engineering
- Know-How & capabilities

Market position

- Key supplier to the German forces
- Leading supplier for wheeled and tracked tactical vehicles

Five divisions under one roof

Division Overview: Weapon and Ammunition



2020 Results

Order intake €1,757m	Sales €1,196m
Operating result €185m	Operating margin 15.5%

Products



MID & LARGE CALIBER AMMO



MID & LARGE CALIBER WEAPONS



PROTECTION SYSTEMS

- ACTIVE
- PASSIVE
- SOFTKILL

Market profile

Key Competitors

- **Weapon and Ammunition**
Nexter, General Dynamics, Plasan
- **Protection Systems**
Elbit, TenCate, Nammo
- **Propulsion Systems**
Eurengo, Explosia, Milan B

Differentiators

- International footprint
- Broad product portfolio
- System integrator
- Modular and open architecture
- Excellent engineering
- Know-How & capabilities

Market position

- Leading European supplier
- Global technology leader

Five divisions under one roof

Division Overview: Electronic Solutions

DIVISION ELECTRONIC SOLUTIONS.

2020 Results

Order intake
€1,069m

Sales
€931m

Operating result
€93m

Operating margin
10.0%

Products



**INTEGRATED
ELECTRONIC
SYSTEMS**



**AIR DEFENCE &
RADAR SYSTEMS**

TECHNICAL PUBLICATIONS

Market profile

Key Competitors

- **Integrated Electronic Systems**
Hensoldt, Elbit, Thales
- **Air Defence**
Norinco, Rosoboron, GDLS
- **Technical Publications**
CONDOK, ESG

Differentiators

- International footprint
- Broad product portfolio
- System integrator
- Modular and open architecture
- Excellent engineering
- Know-How & capabilities

Market position

- Leading European supplier

Five divisions under one roof

Division Overview: Sensors and Actuators

DIVISION SENSORS AND ACTUATORS.

2020 Results

Booked Business*
€1,665m

Sales
€1,202m

Operating result
€36m

Operating margin
3,0%

Products



PUMP
TECHNOLOGY



AUTOMOTIVE
EMISSION
SYSTEMS



SOLENOID
VALVES



COMMERCIAL
DIESEL SYSTEMS



ACTUATORS

Market profile

Key Competitors

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

Differentiators

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

Market position

- Leading European
Tier 1 supplier

Five divisions under one roof

Division Overview: Materials and Trade

DIVISION MATERIALS AND TRADE.

2020 Results

Booked Business*
€573m

Sales
€1,202m

Operating result
€36m

Operating margin
3,0%

Products



AFTERMARKET



BEARINGS



CASTINGS

Market profile

Key Competitors

- Daido
- GGB
- Tenneco
- Nemak
- KMM
- Mahle
- BorgWarner

Differentiators

- Broad material and surface treatment know-how
- Lightweight technologies: materials and structures
- Extensive friction reduction know how
- Broad Aftermarket network

Market position

- Leading supplier
- Strong partnerships



Financials

Q3 2021 Group Highlights

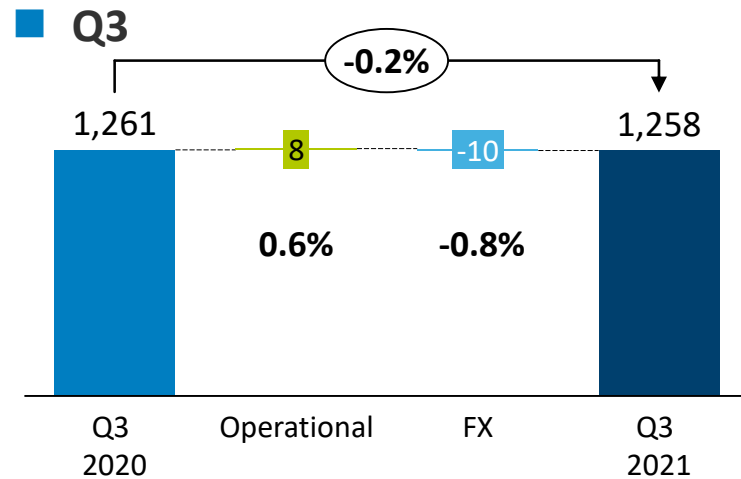
Macro	<ul style="list-style-type: none"> ▪ Political environment de-risked ▪ Continued issues with semi-conductor availability and raw material price increases ▪ Increased call-off volatility
Performance*	<ul style="list-style-type: none"> ▪ All divisions with favorable book to bill ratios ▪ Global LV markets outperformed by 18%p ▪ Robust operating margin of 8.4% ▪ OFCF – Generation slowed by necessary working capital build up and cash out for severance payments related to announced restructuring cash outs
Portfolio	<ul style="list-style-type: none"> ▪ Pistons disposal process continues, with no results as of yet <ul style="list-style-type: none"> ▪ Weakness of the overall automotive market burdens ▪ A financially sound investor has not been found ▪ Next steps will be reported in the next months ▪ Successful start of new business of deployed operations support

Q3 2021 Group Highlights: Key financial data

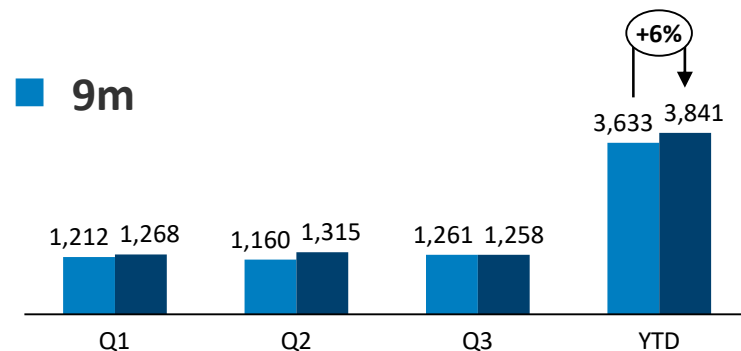
Stable Q3 with solid operational performance

Sales*

in €m

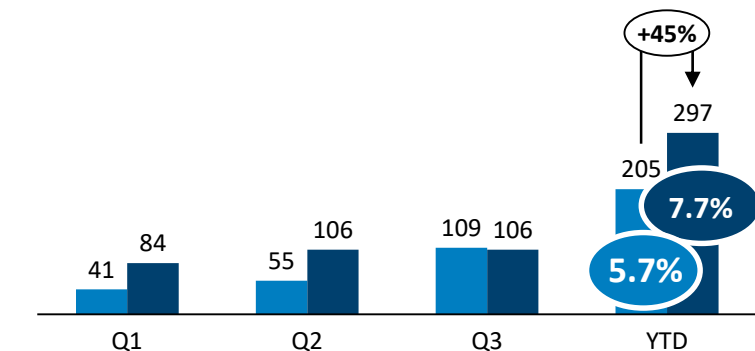
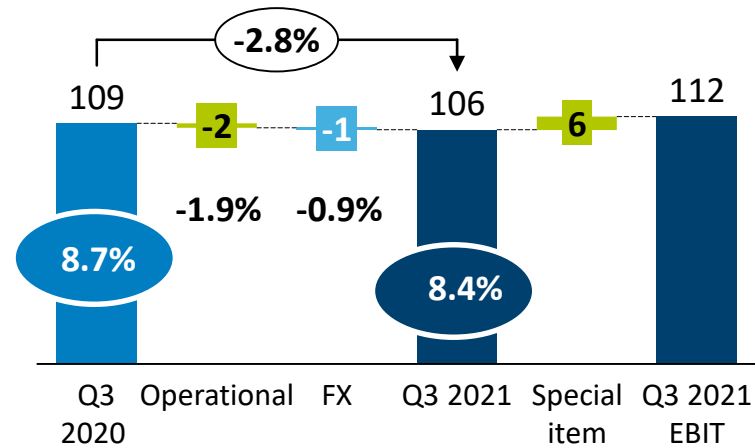


9m



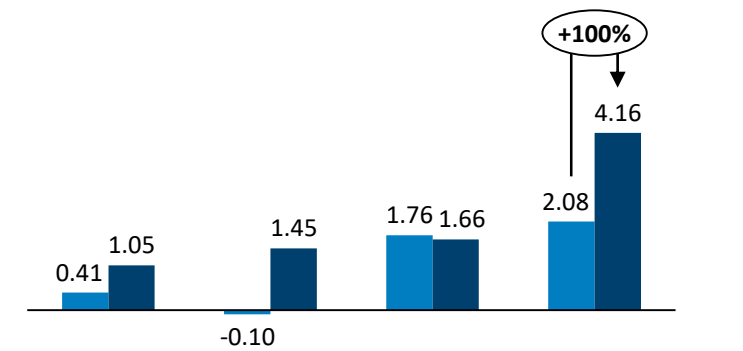
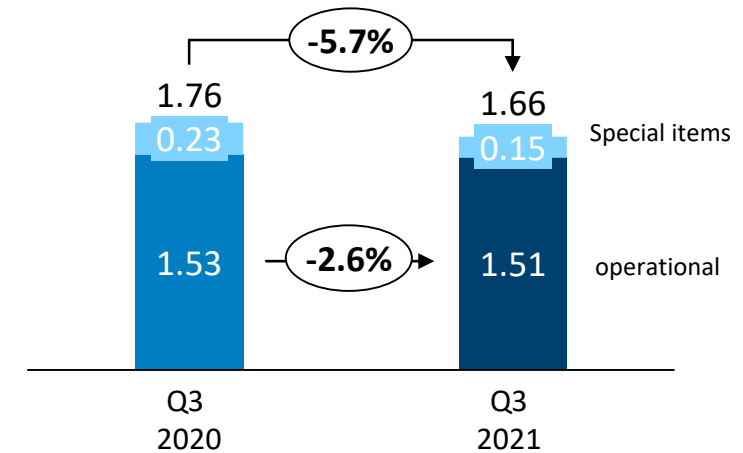
Profitability*

in €m and % margin



Earnings per share*

in €



Q3 2021 Group Highlights

Cost inflation is taken care of

Topline

- Semi conductor shortage caused OEMs to cancel higher than expected volumes
- Rheinmetall has not caused production stops at any customer, but suffered from the call off cancelations
- Supply situation is not expected to improve in the next quarters
- Security business so far unaffected, but first signs of a supply chain issues became visible for military vehicles, especially trucks in Q4

Input cost

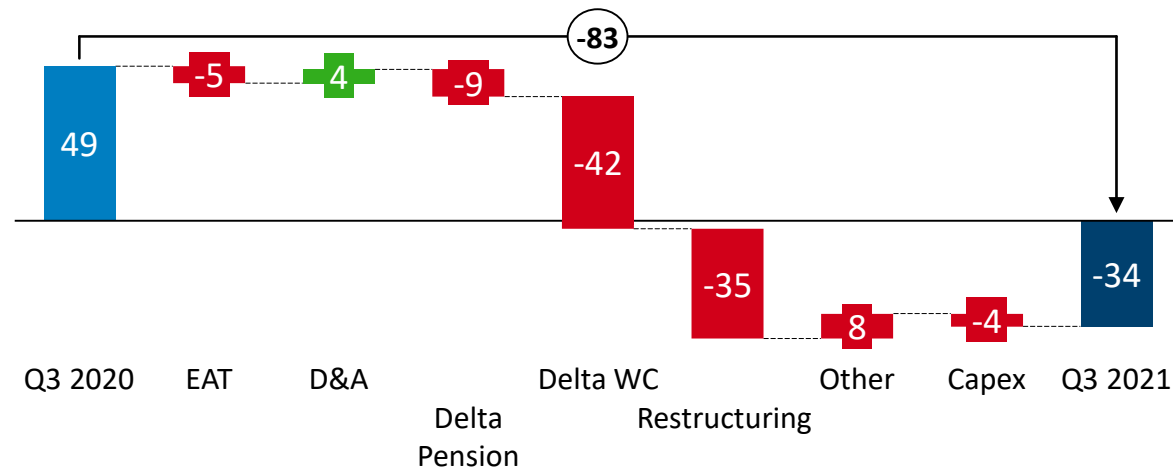
- Hedging for key raw materials and energies in place except for China
- Raw material sourcing for consolidated sales under control in Q3 and Q4 2021
- Strict cost control measures remain fully in place

Q3 2021 Group Highlights: Key financial data

Headwinds from higher working capital and restructuring cash out

Q3 Operating free cash flow bridge*

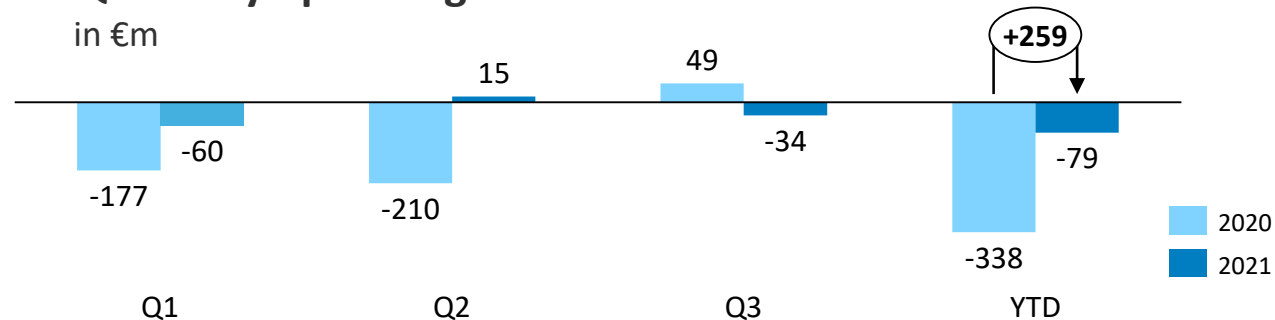
in €m



- Working capital increases on prices and volumes
- Restructuring effects including severance payments in continued business

Quarterly operating free cash flow*

in €m

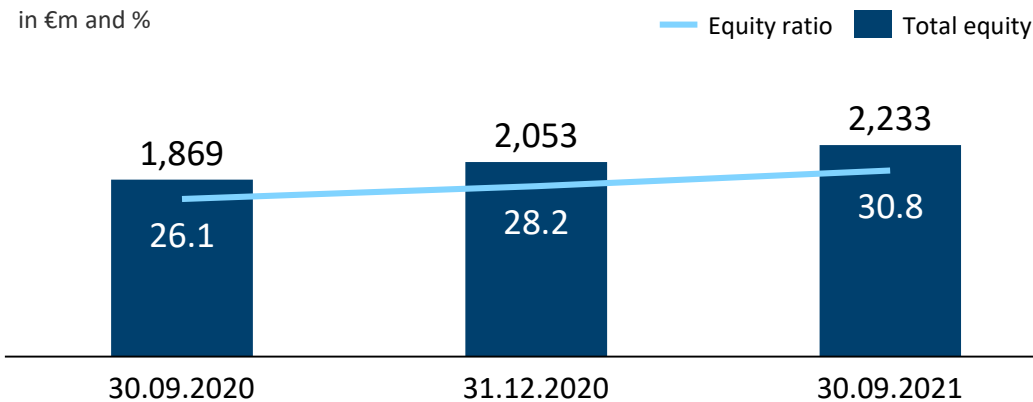


- YTD OFCF compares €259m favorably to the prior year

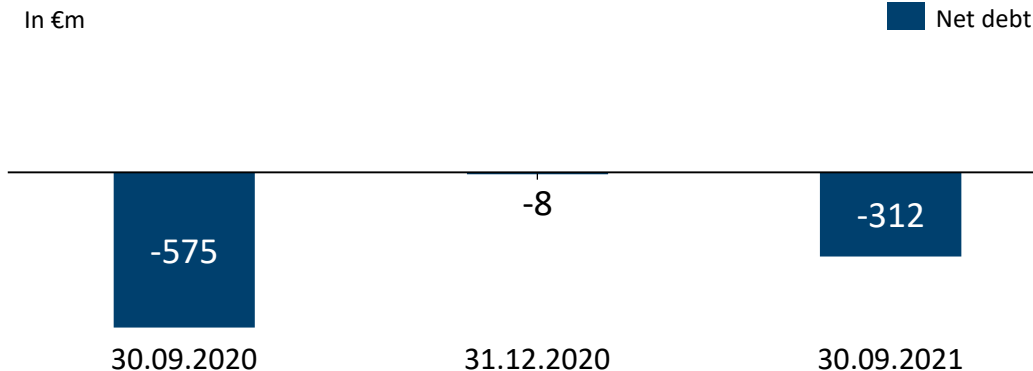
Q3 2021 Group Highlights: Key financial data

Very resilient balance sheet and financial position

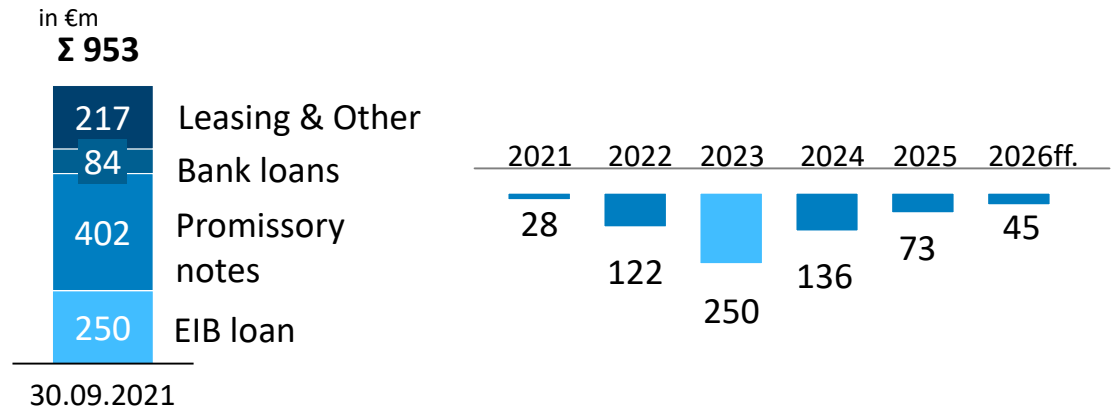
Equity and Equity ratio



Net financial position*



Gross debt and maturity profile



Highlights / Comments

- Equity ratio further improved to 30.8%
- Renewal of undrawn syndicated revolving credit facility of €500m until 2026 + two 1-year extension options
- Undrawn credit lines of €0.9bn per end of Q3
- Cash position of €641m and additional securities held for trade with a value of €77m per end of Q3

Q3 2021 Group Highlights

Rheinmetall enhances ESG participation in initiatives and confirms solid ratings

UN Global Compact

member since Q2 2021

CDP

application Q3 2021

SBTi

commitment Q4 2021

TCFD & SASB

planned for 2022

Frameworks & Initiatives

MSCI AA

only 22% of
36 score AA or better

ISS ESG C

15% of 65 companies
in A&D score C or better

Sustainalytics

31.2

peer group A&D Ø 38.1,
ranked 18th out of 91

S&P

20

Industrial conglomerates
average 30

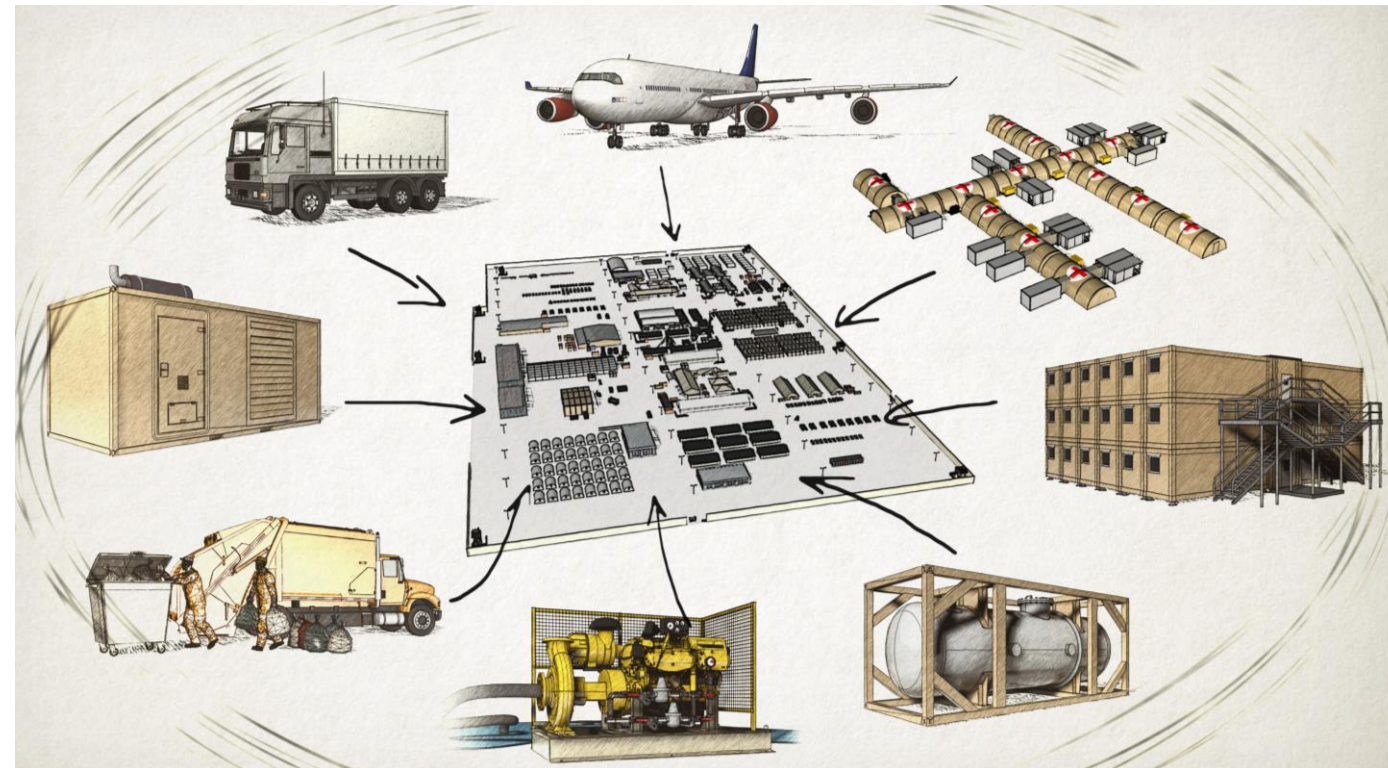
Ratings

Q3 2021 Group Highlights

Successful start for new business line with first Bundeswehr orders

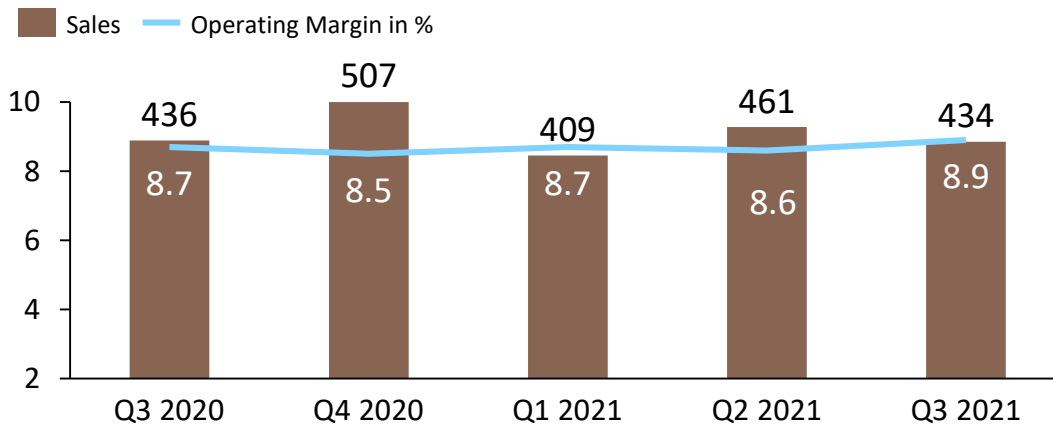
Rheinmetall enters new business of deployed operations support

- Outsourcing of non-core military functions is trending with global market value expected to be around 350 €bn p.a.*
- Highly accretive service margin business
- Rheinmetall to set up and operate operational infrastructure
- New strategic partnership with Bundeswehr as launching customer
- Service business opens new income opportunities



Q3 2021 Division Highlights

Strong quarter with highlights in order intake and cash flow

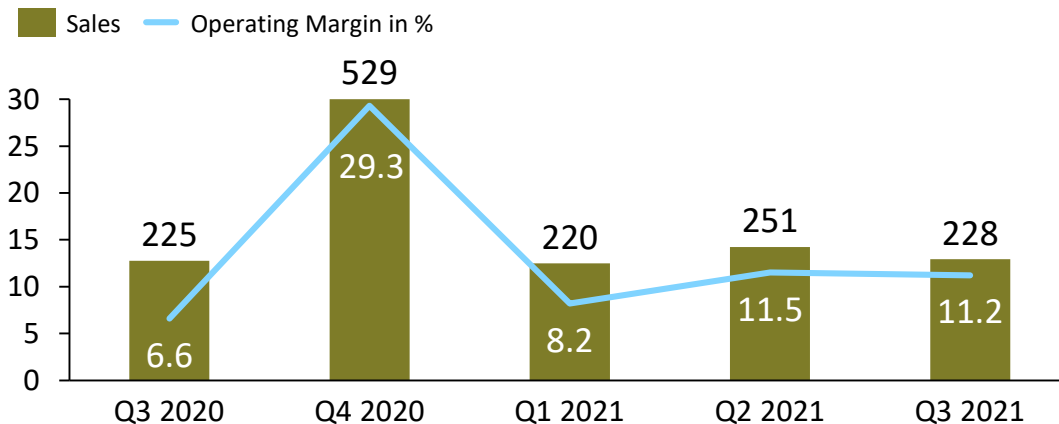


In €m	Q3			YTD		
	2020	2021	Δ	2020	2021	Δ
Order intake	180	483	+168.3%	728	2,456	+237.4%
Order backlog				6,155	10,481	+70.3%
Sales	436	434	-0.5%	1,339	1,304	-2.6%
Operating result	38	39	+1.4%	122	104	-15.1%
Operating margin	8.7%	8.9%	0.2%p	9.1%	8.0%	-1.2%p
EBIT	38	39	+1.4%	122	104	-15.1%
Operating FCF	-69	60	+129	-163	244	+407

- Order intake rose on the back of an international Fox order
- Sales were on last years level with stable results and improved margin, slippage of several smaller orders into Q4
- OFCF benefited from milestone payments

Q3 2021 Division Highlights

Strong margin expansion in a favorable environment

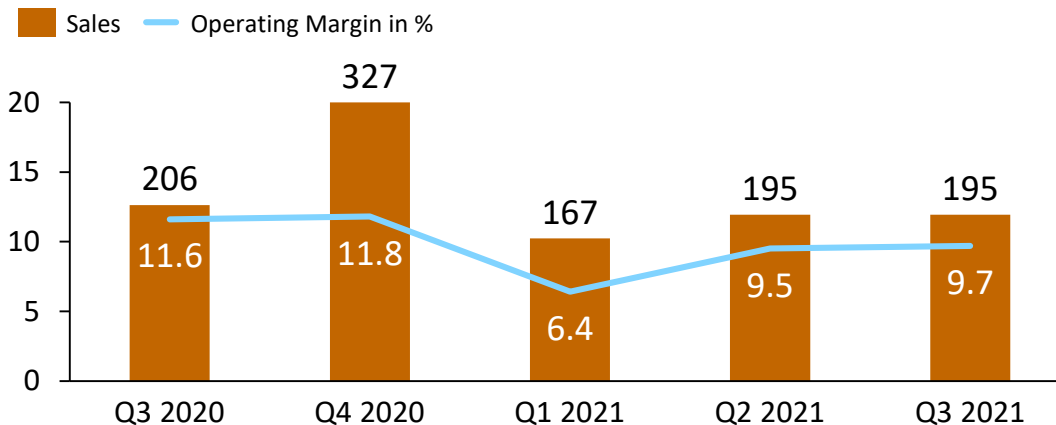
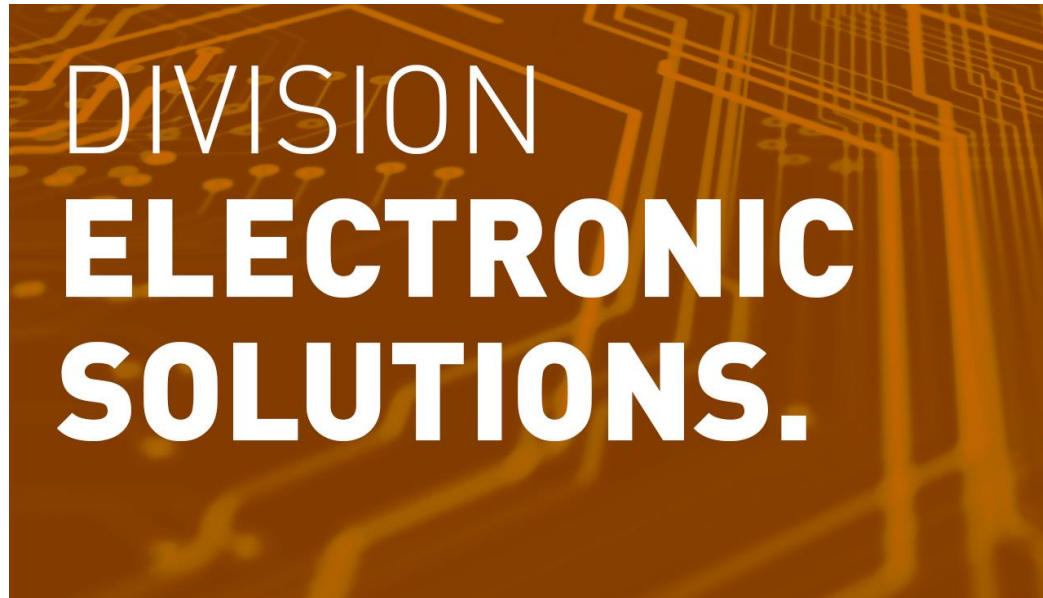


In €m	Q3			YTD		
	2020	2021	Δ	2020	2021	Δ
Order intake	242	324	+33.9%	867	752	-13.3%
Order backlog				2,404	2,742	+14.1%
Sales	225	228	+1.5%	670	700	+4.4%
Operating result	15	26	+72.4%	30	73	+143.3%
Operating margin	6.6%	11.2%	+4.6%p	4.4%	10.4%	+5.9%p
EBIT	10	26	+158.8%	23	73	216.0%
Operating FCF	-17	-65	-288.2%	-159	-143	+10.1%

- Order intake rises by ~34% even without larger orders
- Sales growth held back by a delayed German shipment
- Favorable sales mix accelerated margin to 11.2%
- OFCF declines mainly due to working capital increase

Q3 2021 Division Highlights

Solid quarter comparing to a favorable previous year

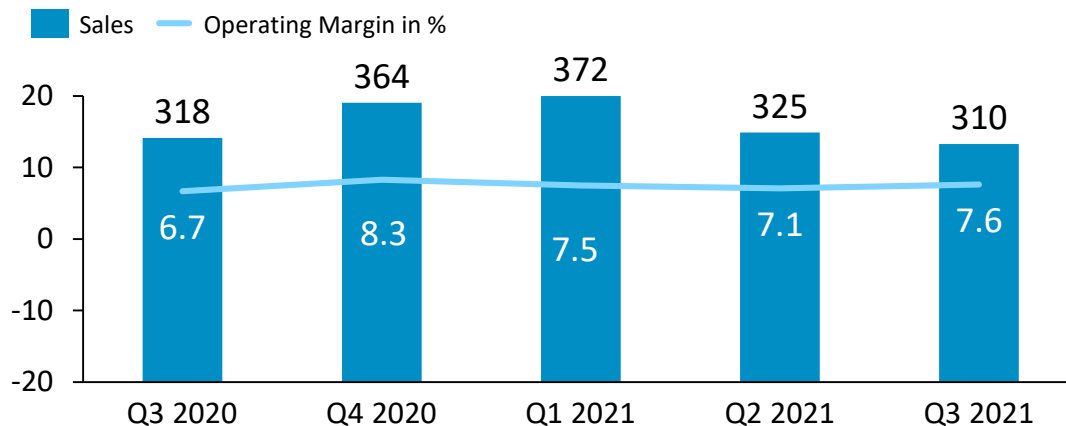


In €m	Q3			YTD		
	2020	2021	Δ	2020	2021	Δ
Order intake	142	251	+76.8%	569	695	+22.1%
Order backlog				2,115	2,437	+15.2%
Sales	206	195	-5.3%	604	558	-7.8%
Operating result	24	19	-21.0%	53	48	-9.2%
Operating margin	11.6%	9.7%	-1.9%p	8.8%	8.6%	-0.2%p
EBIT	34	19	-44.2%	63	48	-23.6%
Operating FCF	80	-48	-128	24	-184	-209

- Puma upgrade orders main driver for order intake growth
- Sales compare to strong PY that included high share of Gladius shipments
- Solid operating margin of 9.7%
- 2020 Q3 EBIT included positive 10€m special items from divestment
- OFCF compares to strong Q3 20 including major Gladius milestone payments

Q3 2021 Division Highlights

Clear market outperformance with continued margin recovery



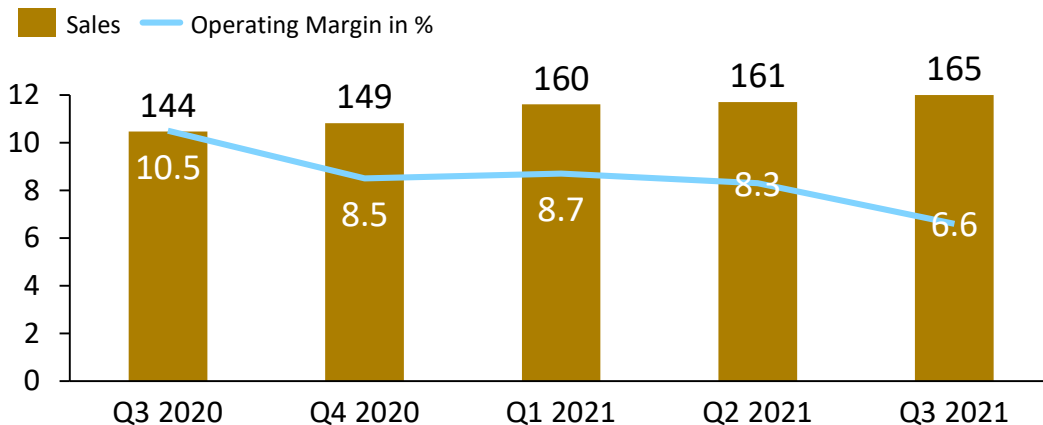
	Q3			YTD		
In €m	2020	2021	Δ	2020	2021	Δ
Booked Business	327	528	+61.7%	1,309	1,480	+13.1%
Sales	318	310	-2.5%	838	1,007	+20.1%
Operating result	21	23	+9.4%	6	74	>100%
Operating margin	6.7%	7.6%	+0.8%p	0.7%	7.4%	+6.7%p
EBIT	5	23	335.0%	-16	74	+91
Operating FCF	42	21	-48,7%	-57	-7	+49

- Strong growth of booked business benefited from larger contracts for conventional and alternative truck powertrains
- LV Market outperformance of around 18%* and truck sales growth of 60%
- Margin rose to 7.6% with cost saving measures still in place
- PY EBIT included one-times for restructuring
- OFCF burdened by higher inventories after last minute call off cancellations

Q3 2021 Division Highlights

Lower at-equity contributions consumed sales driven recovery

DIVISION MATERIALS AND TRADE.



In €m	Q3			YTD		
	2020	2021	Δ	2020	2021	Δ
Booked Business	135	188	+39.0%	412	515	+24.8%
Sales	144	165	+14.6%	387	485	+25.4%
Operating result	15	11	-27.7%	18	38	+111.5%
Operating margin	10.5%	6.6%	-3.9%p	4.7%	7.9%	+3.2%p
EBIT	12	11	-11.3%	-11	38	+50
Operating FCF	10	5	-51.7%	-2	6	+8

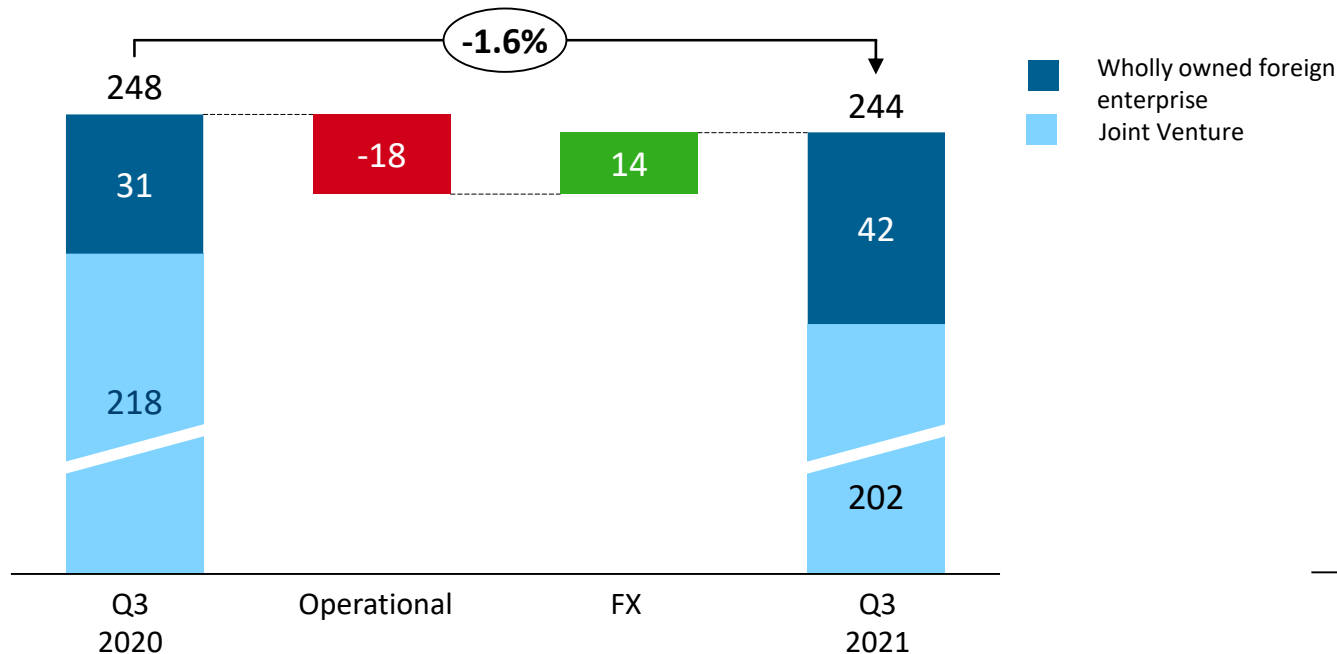
- Increase of the booked business mostly driven by the Bearings business
- Sales increase of ~15% supported by favorable volume and price effects driven by strong demand in non-LV markets
- Operating result suffered from a €6m lower at-equity contribution
- OFCF was additionally impacted by working capital build up

Q3 2021 China

Market outperformance in a contracting environment

Sales*

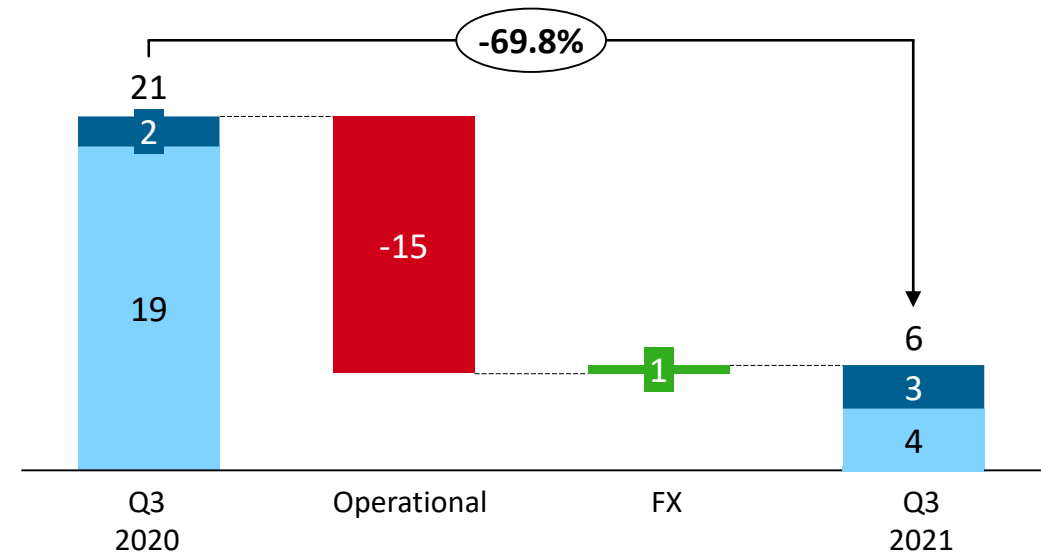
in €m



- Strong recovery of key customer in Q3
- Overall Chinese market declined -16.9%**

EBIT*

in €m



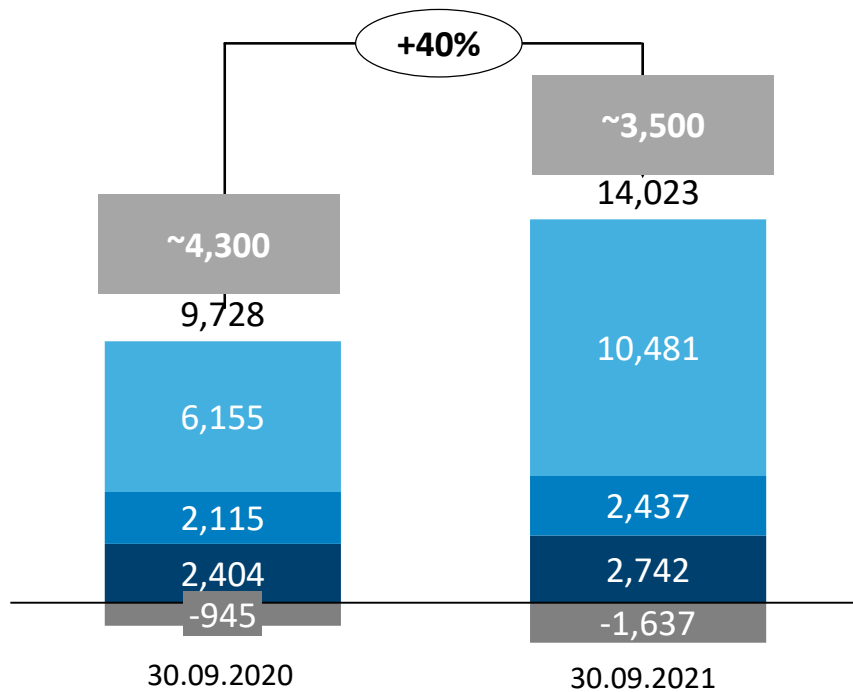
- Negative raw material cost effect persists
- Introduction of price escalation in preparation

Q3 2021 Markets & Drivers

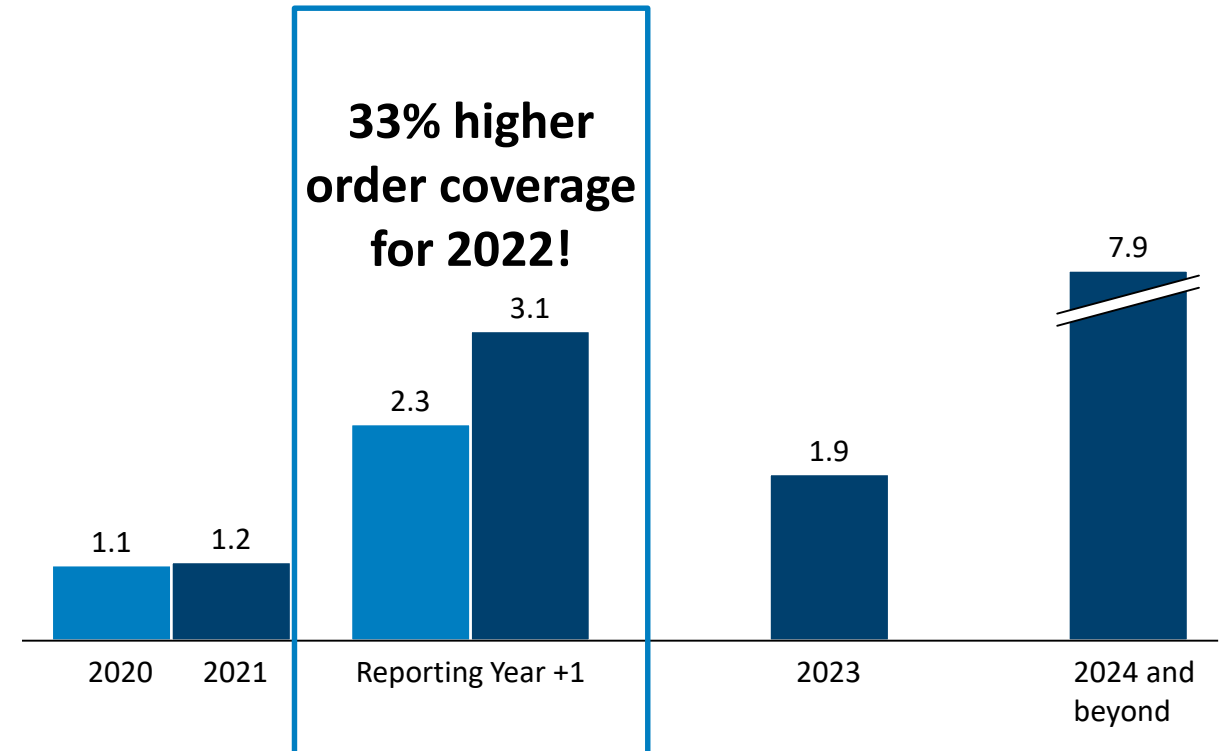
Sales growth acceleration in 2022 becomes tangible

Order Backlog Profile ¹

in €bn



■ WA ■ VS ■ Shadow backlog²
■ ES ■ Consolidation

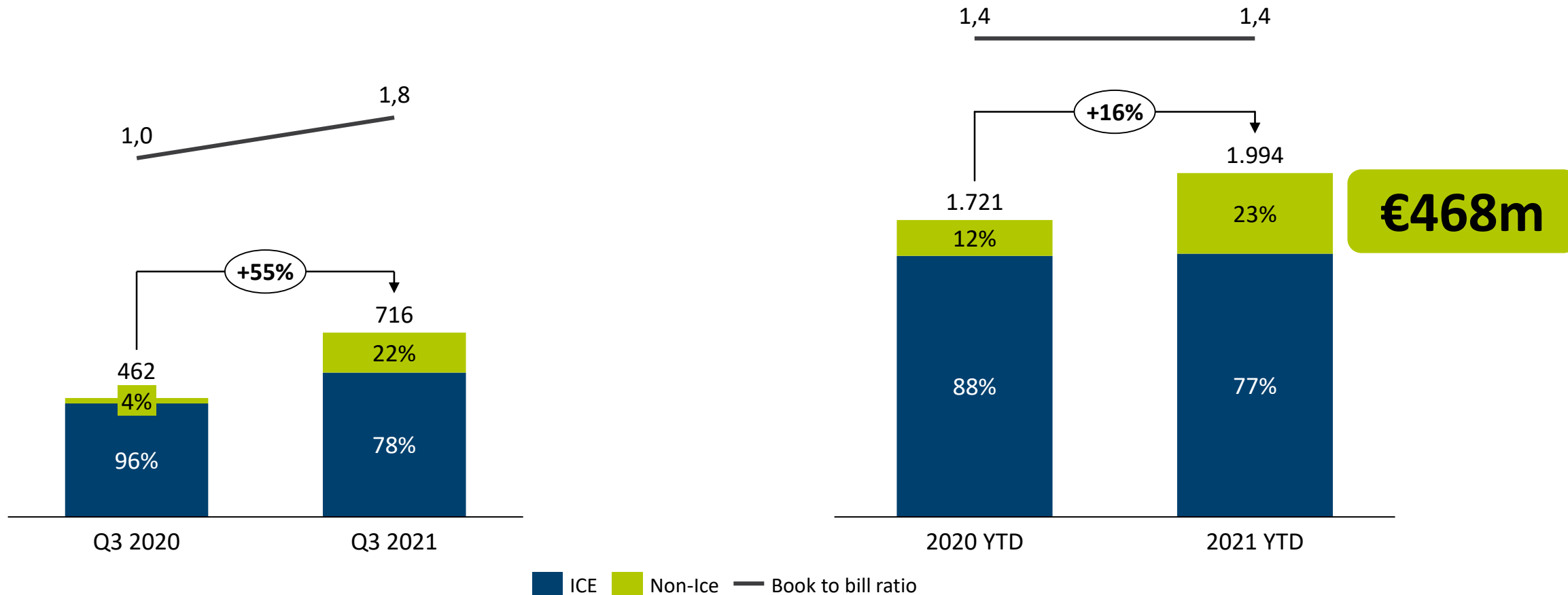


■ Order book 2020 ■ Order book 2021

Q3 2021 Markets & Drivers

Alternative propulsion booked business almost doubles

in €m

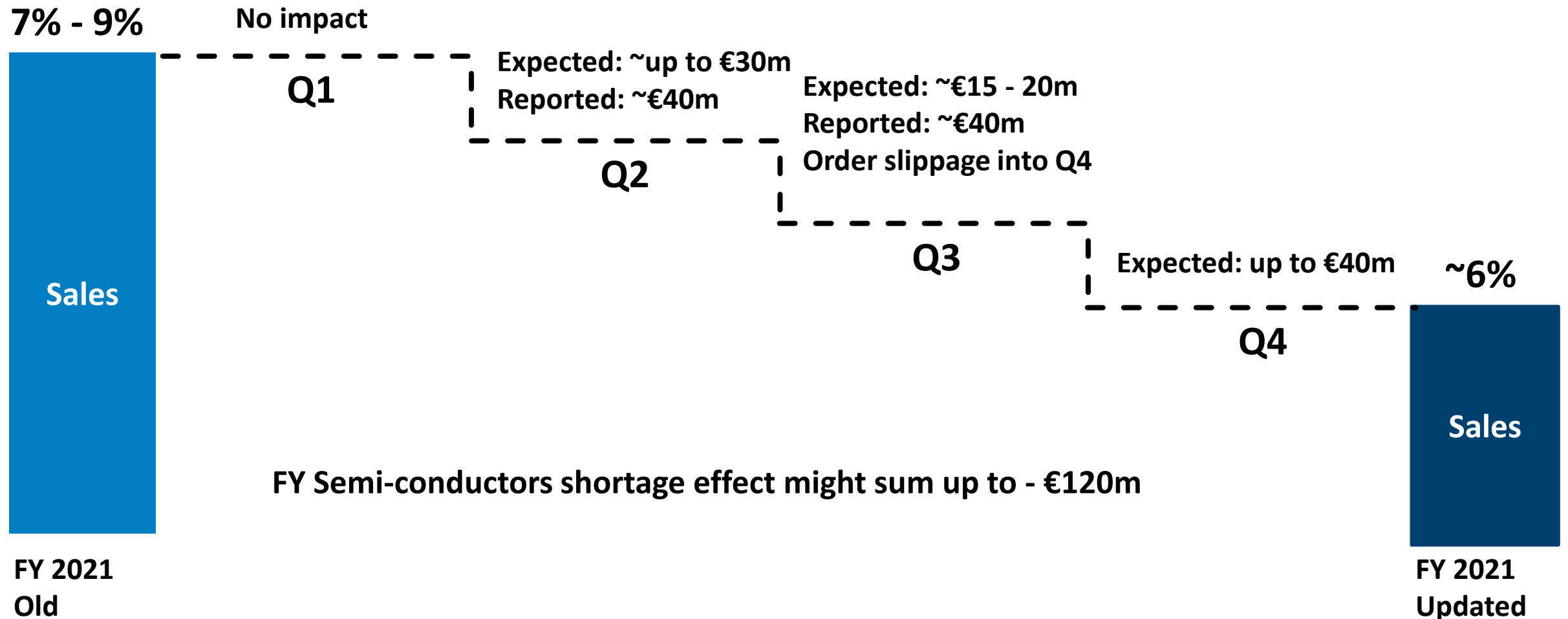




Outlook 2021

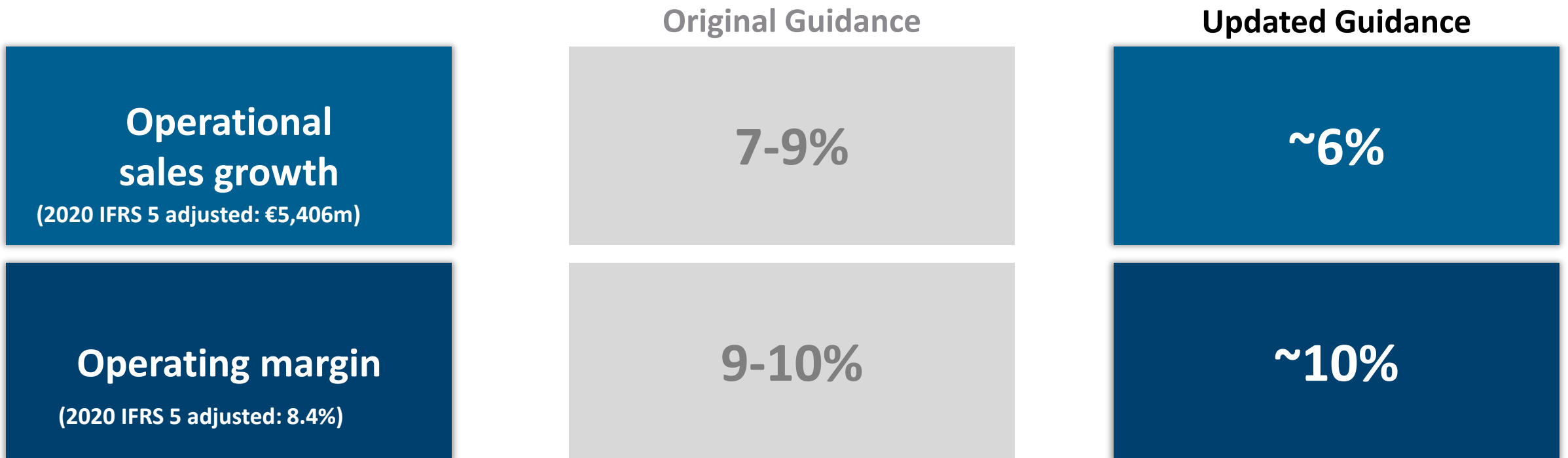
Outlook

Semi-conductor shortage with higher than expected H2 impact



Outlook

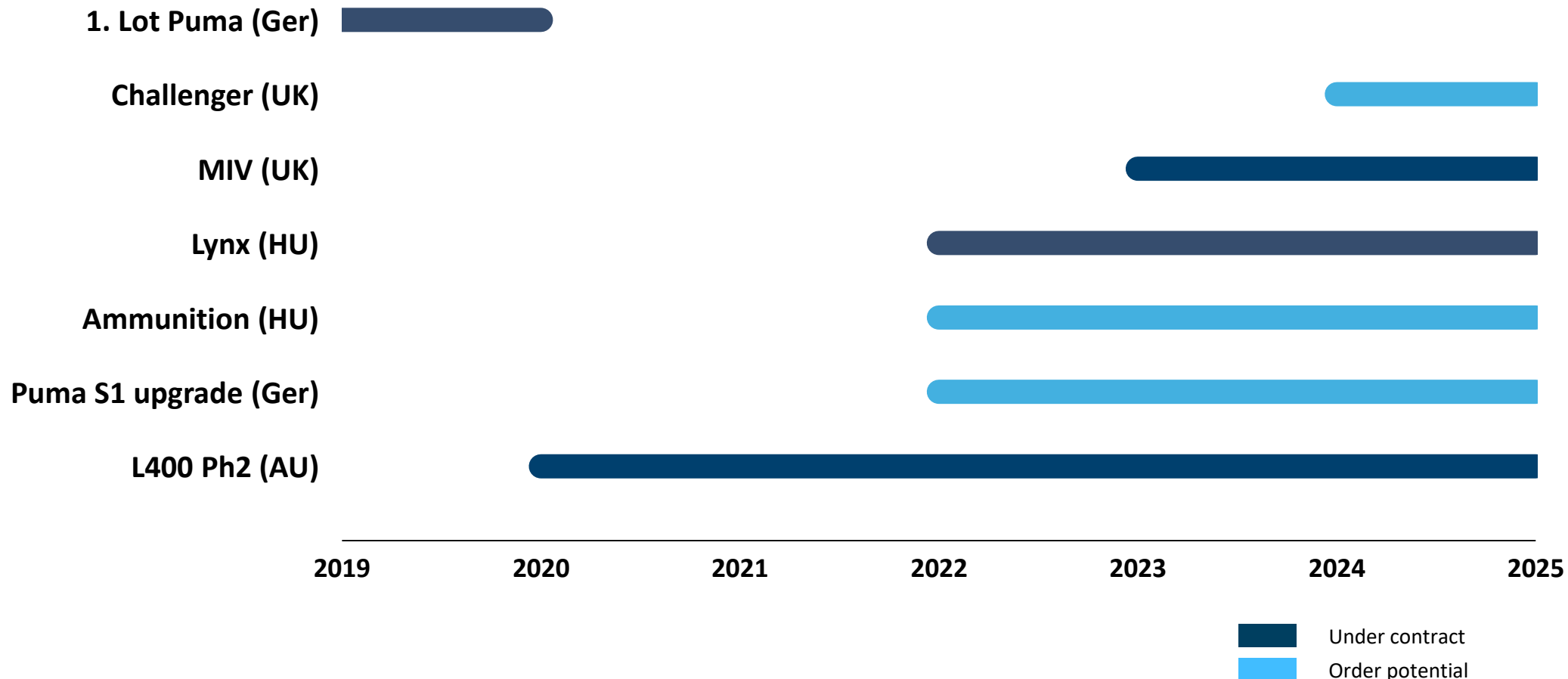
FY 2021 Guidance updated



Based on the present supply scenario

Outlook 2021

Major programs start contributing from 2022 onwards



Realignment

Application of IFRS 5 as of Q2 2021

- The status of the disposal process for the piston business has progressed sufficiently in order to qualify the business in accordance with IFRS 5 as discontinued operations
- Application as of Q2 2021
- Presentation of Pistons as discontinued operations triggers the following effects:

FY 2020	reported	Piston IFRS 5 adjusted	IFRS 5 adjusted
Sales	€5,875m	€469m	€5,406m
Operating result	€426m	-€26m	€452m
Operating margin	7.3%	-5.5%	8.4%



Responsibility @ Rheinmetall

Responsibility @ Rheinmetall

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

Force **protection** is our mission

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

We operate in a strictly **regulated** industry

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

NO controversial weapon production

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

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

Responsibility @ Rheinmetall

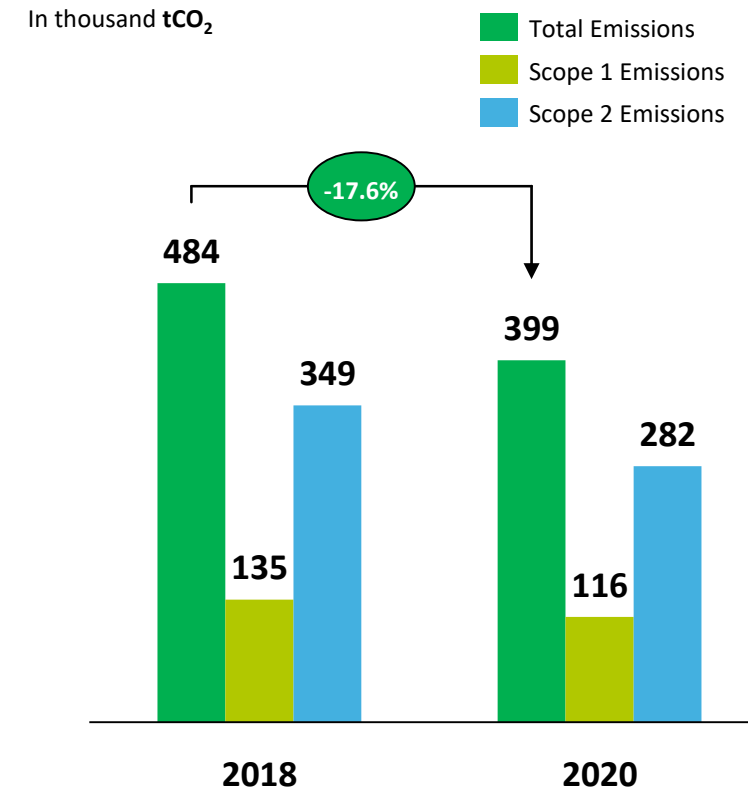
Environmental goals



- Consistent energy management system well established; energy saving goals and use of renewable sources
- Reduction of CO₂ intensity 2018-2020 (tCO₂/EUR m revenue) by ~15%
- Enhance reporting and transparency by participating in CDP in 2021
- Taking pro-active stance by joining Science Based Targets initiative (SBTi)
- Initial risk analysis of production sites conducted in 2020 in preparation of further disclosures in line with TCFD

Top ESG ratings above industry peer group:

- MSCI: AA
- ISS ESG: C
- Sustainalytics: 32.0 (22nd out of 87 A&D industry peers)



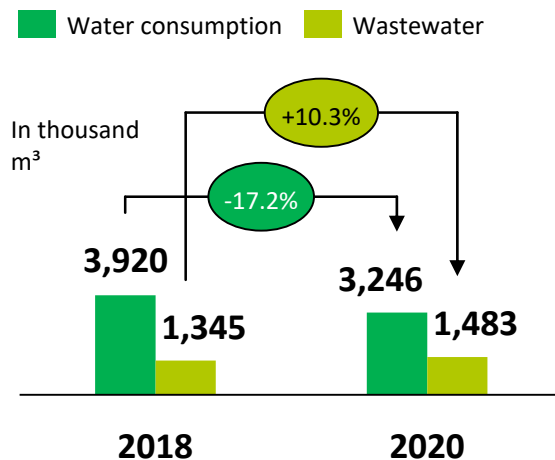
* CO₂neutrality aligned with Paris Agreement and determined in line with the Science Based Target Initiative

Responsibility @ Rheinmetall

Efficient use of resources

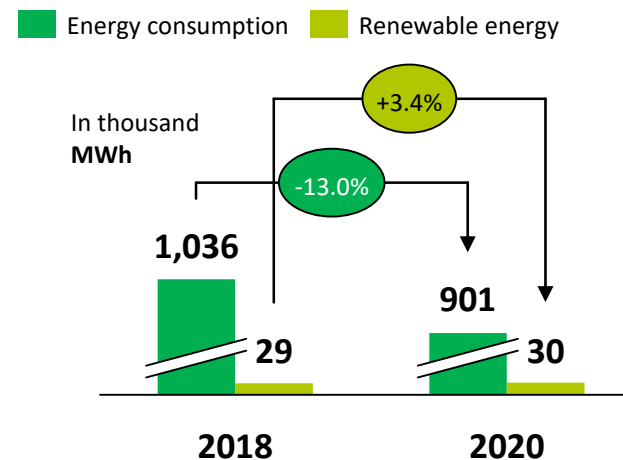
Water

- Two-year-goal: Reduce water consumption by a further 10% (base line 2020)
- RDM South Africa: Purification of urban wastewater in a multistage process for usage in production where possible and before discharge into the sea



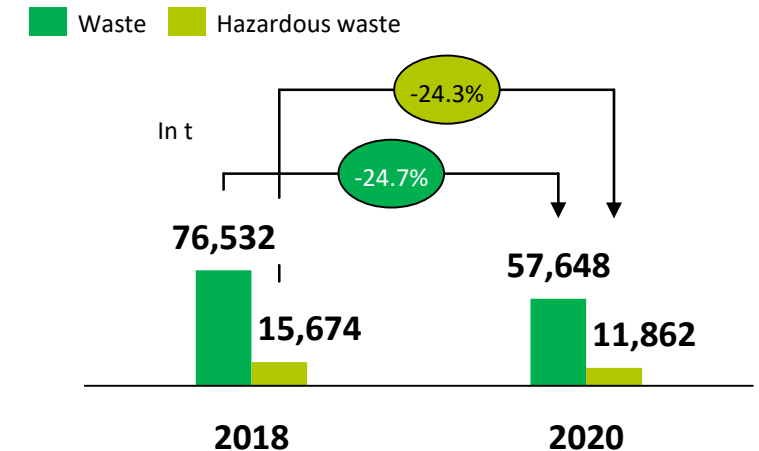
Energy consumption

- Reduce energy consumption and increase energy efficiency continuously
- Measures: LED lighting, generated savings in compressed air, heat recovery from (some) production processes
- Higher usage of renewable energies
- Between 2018 and 2020 energy intensity (MWh/€ million in sales) fell by 9%



Waste

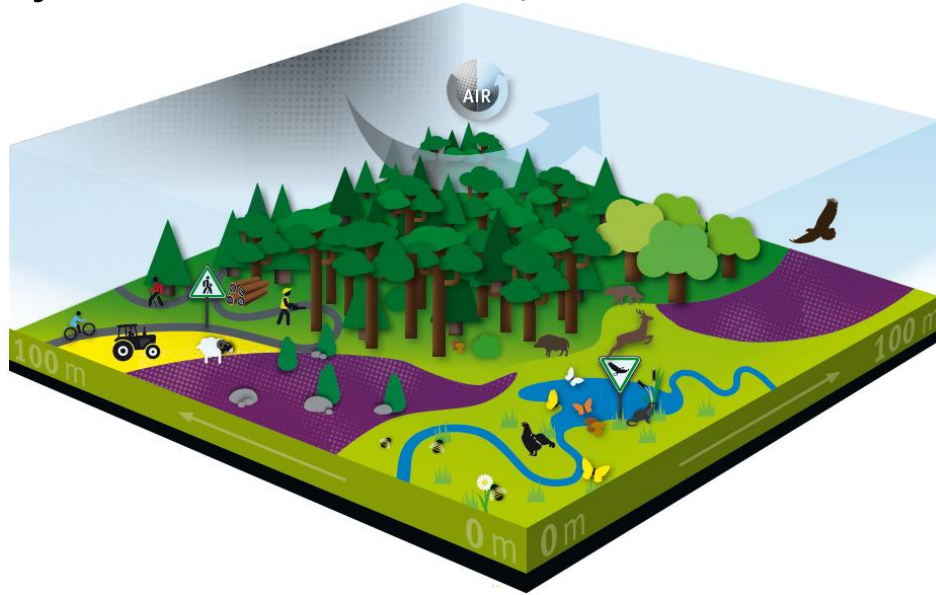
- Waste is to be avoided, reduced, recycled and disposed of safely and in an environmentally compatible manner.
- Production- and material-related recycling is carried out individually by the respective site through waste separation, safe disposal routes and economically viable recycling processes.



Responsibility @ Rheinmetall

Biodiversity activities

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



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

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

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

Responsibility @ Rheinmetall

Being a responsible corporate citizen



Social responsibility



Rheinmetall

- Awarded a special price by the German Corporate Health Award for extra **strong commitment in corporate health management**
- Health & Safety: **accident frequency rate** (number of accidents per 1 million working hours) **5.9x**
- Corona-Action-Teams at all locations to coordinate preventive and/or necessary measures to safeguard health of employees
- Attracting and retaining highly skilled employees
- Strong commitment to promote **diversity**
- Talent development

Worldwide

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

Responsibility @ Rheinmetall

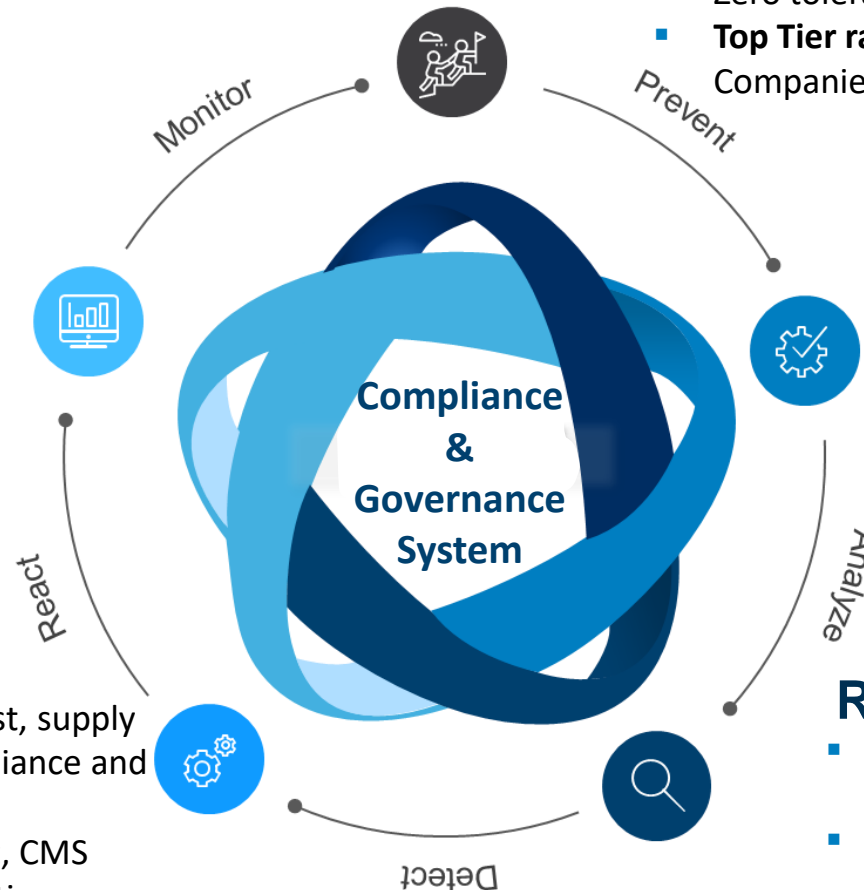
Compliance & Governance System

Communication

- Target group-specific training
- Established reporting system within the organization
- **20.000+ Employees trained in 2020**

Organization & Program

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



Culture

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

Compliance Goals

Compliance at Rheinmetall means / is...

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

Risks & Monitoring

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

Responsibility @ Rheinmetall

Implementing transparency in the supply chain

Frequent Supplier Monitoring process started

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

2020 | Business Partner Checks Supply chain

96 countries

40.015
suppliers

229

Supplier audits

72%

w/o findings



Responsibility @ Rheinmetall

New Executive Board remuneration policy with 20% share ESG targets

Short Term Incentive

Overall payout cap: 250%

Target achievement per target (0% - 250%)

40%	+	40%	+	20%
EBT (against budget)		Operating Free Cashflow (against budget)		Non-financial / individual / collective targets

Remuneration structure

30 - 41%	Long Term Incentive (LTI)
14 - 20%	Short Term Incentive (STI)
10 - 33%	Pension (service cost)
0 - 5%	Fringe benefits
22 - 30%	Base salary

Long Term Incentive

Overall payout cap: 250%

Performance period (4 years forward looking)

Overall target achievement (0% - 200%)

40 %	+	40%	+	20%] x [Absolute share price development including dividends
Relative TSR (against EURO STOXX Ind. Goods & Services)		Ø ROCE		ESG targets	

Malus & clawback clauses

Malus and clawback clauses in case of compliance violations and incorrect consolidated financial statements

Share Ownership Guidelines (SOG)

200% of annual gross base salary for the Chief Executive Officer and 100% for the Ordinary Board members

Maximum remuneration

Maximum remuneration including fringe benefits and pension

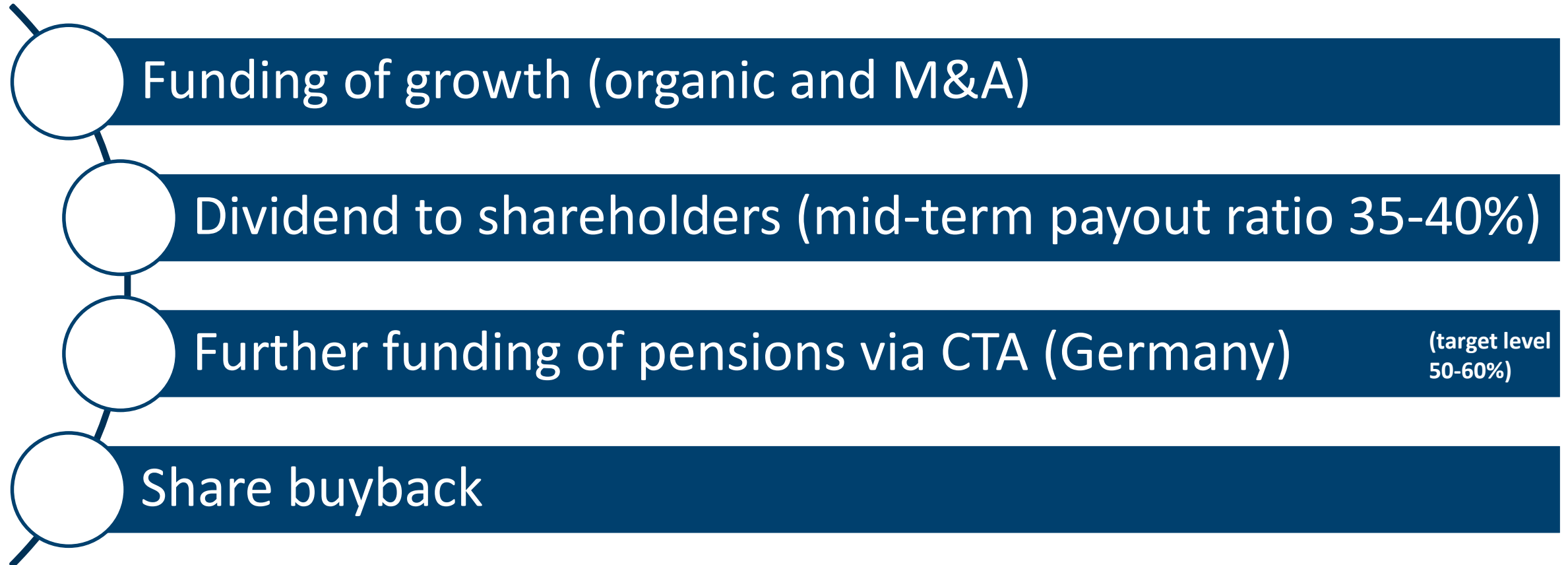
- Chief Executive Officer: 8,000,000 €
- Ordinary Board members: 4,000,000 €



Appendix

Capital allocation

Our capital allocation policy is geared towards business growth



Capital allocation

External growth remains a valid option

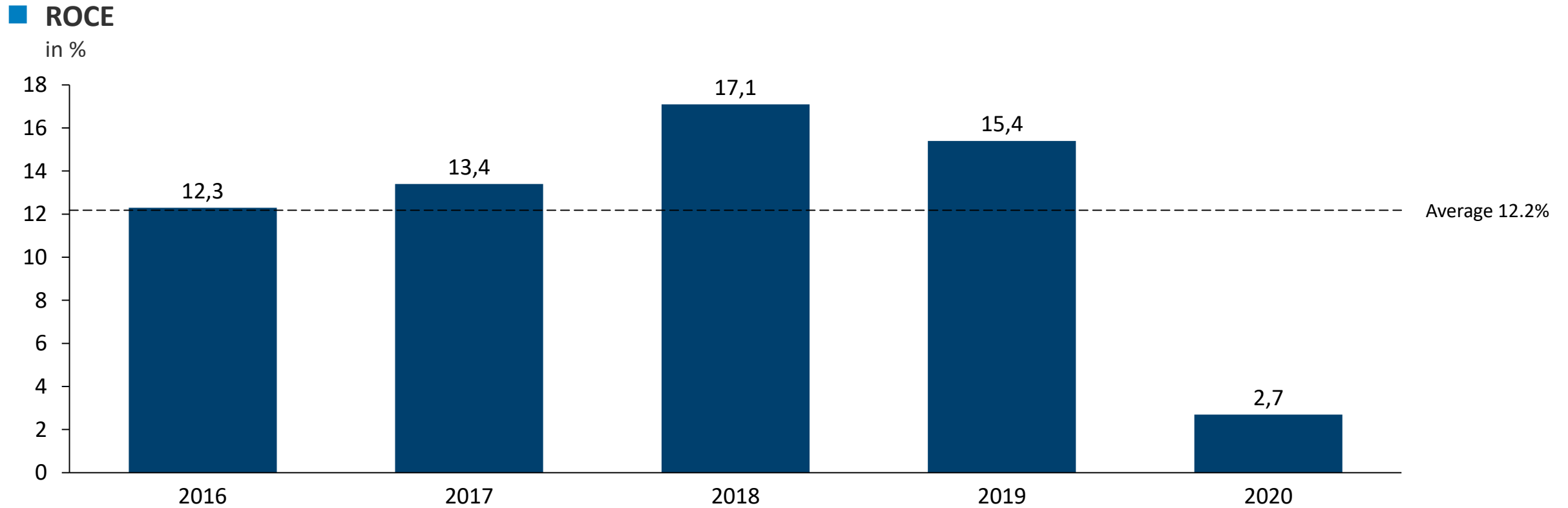
M&A approach

- Permanent screening of the market
- Opportunities:
 - Potential transformation of European defence industry might offer some opportunities
 - Technical enhancement in the automotive industry and beyond
 - Facilitator to leverage technological capabilities

Business Model and Financial Criteria

- Technology Fit
- Growth potential
- Regional Fit
- Adequate pricing
- Value accretive within 3 years
(no restructuring case)

ROCE development



Rheinmetall 2016-2020: Key figures (as reported)

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

Next events and IR contacts

Next Events

Metzler Dialog, virtual	09 Nov 2021
UBS, European Conference 2021, virtual	10 Nov 2021
Deutsches Eigenkapitalforum, virtual	23 Nov 2021
Goldman Sachs, Industrials Conference, virtual	30 Nov 2021
Berenberg, European Conference, virtual	08 Dec 2021
Oddo BHF Forum, virtual	10 Jan 2022
Commerzbank, German Investment Seminar, New York	10-12 Jan 2022
Bank of America, SMID Cap Conference 2022, virtual	13 Jan 2022
UniCredit Kepler Cheuvreux, German Corporate Conference, virtual	17/18 Feb 2022
FY Earnings release	17 March 2022

IR Contacts

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