



Q2 2022 CONFERENCE CALL

Second quarter in line with expectations

05/08/2022

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Q2 2022 Group Highlights

Second quarter in line with expectations

- Group sales growth of 7.1% to 1.408 €m
- Operating profit rose by 7€m to 114€m
- Stable operating margin of 8.1%
- 1.427€m Rheinmetall order intake* including strong growth of the civil business of 34%
- OFCF marked by working capital build up
- Very successful “Eurosatory” participation
- Full-year guidance 2022 refined

Q2 2022 Group Highlights

Presentation of Panther KF51 at Eurosatory – A new tank for a new era



Highly effective weapon

130 mm Future Gun System developed by Rheinmetall and the optimized sensor-shooter network

Excellent protection

Integrated survival concept with 360 degrees **active, reactive and passive protection technologies**. Side and top attack protection

Fully digitized

First main battle tank based on a fully digital architecture. **Connectivity tank to tank for battle management system**

Market update

Rheinmetall in the “sweet spot” of market growth within NATO

Shifts in the defence budget '21 / '30 (Ø EU27)

1,6% → 2,2%
Defence budget share of GDP (Ø EU27)¹

20% → 30%
Investment share of defence budget²

25% → ~30%
Share of land systems in investment volume²

Rheinmetall positioned in the “sweet Spot” of growth

Defence market growth CAGR 2021-2030 by segment



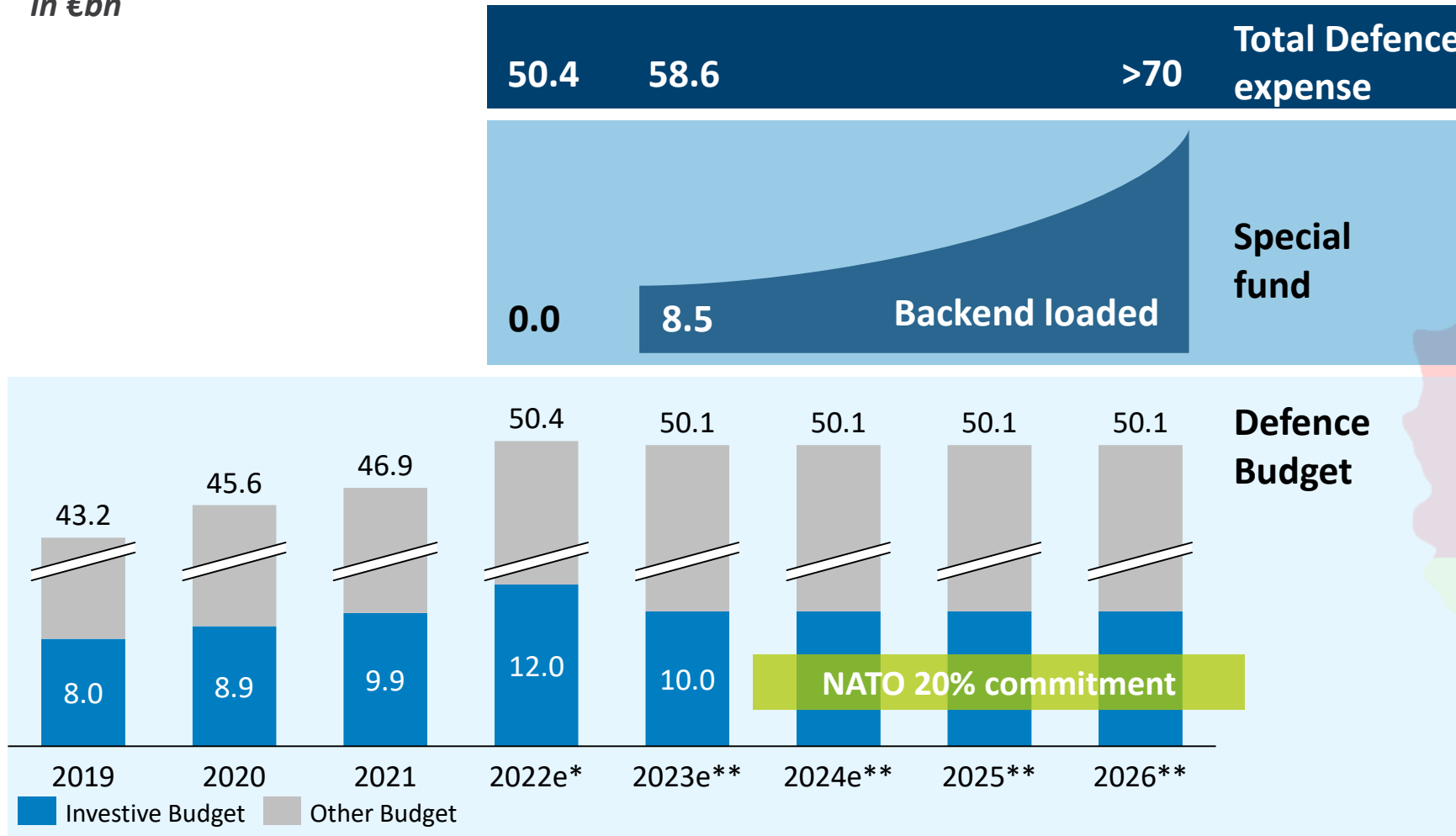
	Sea	Air	Land
Germany	~15%	~15%	>20%
Core markets Rh (IT, HUN, UK, AUS)	~10%	~10%	~10%
Rest of Europe	~10%	~10%	~10%
Rest of NATO	2-5%	2-5%	2-5%

Source: 1) Publications of the individual governments, u.a. Source: Goldman Sachs, [Portugal: PM Costa will increase defence spending to 1.89% of GDP with EU help | Macau Business](#), [Hungary increases defence allocation \(janes.com\)](#), [Slovenia to boost defence spending to 2%/GDP by 2030 - minister \(seenews.com\)](#), [Slovakia's Defense Minister Says Military Spending at 2% Should Be Base, Not Target > U.S. Department of Defense > Defense Department News](#), [Ireland's defence spending set to rise by at least 50%, says Coveney – The Irish Times](#), [Croatia Met NATO Defence Budget Target In 2021 \(total-croatia-news.com\)](#). 2) Janes

Market update: Germany

Acceleration of defence spending more backend loaded

in €bn



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

*based on BMWi defence budget July 22; <https://www.bundeshaushalt.de/#/2021/soll/ausgaben/einzelplan/14.html>
 ** Government draft and statements on the federal budget and Rheinmetall estimated budget development, planning based on 20% invest goal of NATO

Market update: Status quo on German potential

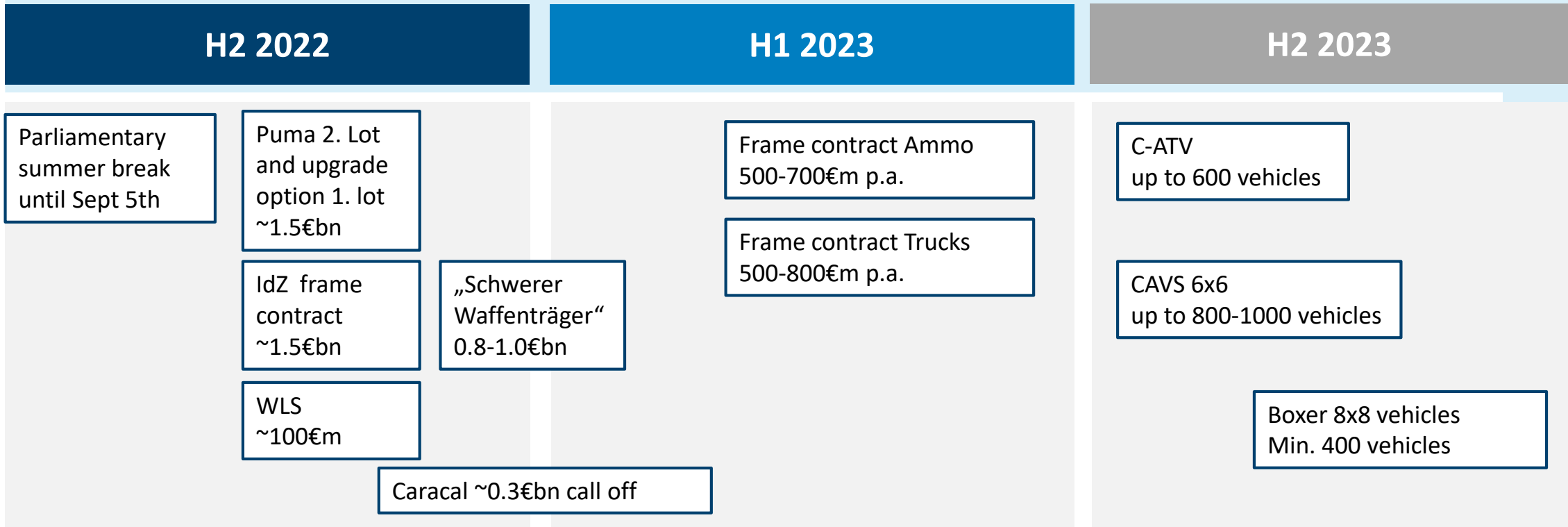
All major projects included in special fund and annual budget

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

Market update: Status quo on German potential

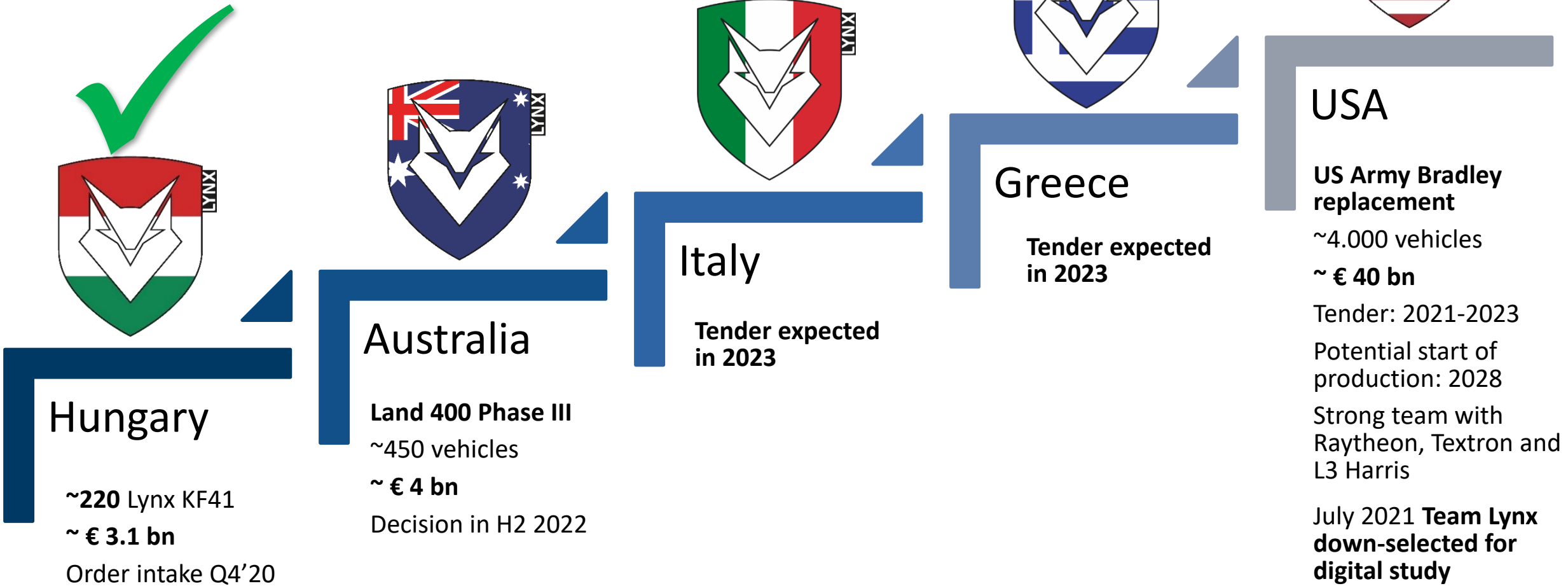
Order intake starts later than expected

Current timeline for potential order intake



Market update

LYNX pipeline refilled with even larger potential in Southern Europe



Market update

Current developments could offer additional potential

Ring swap agreements

CZ
SK
SLO
GR



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



Potential for direct delivery to Ukraine

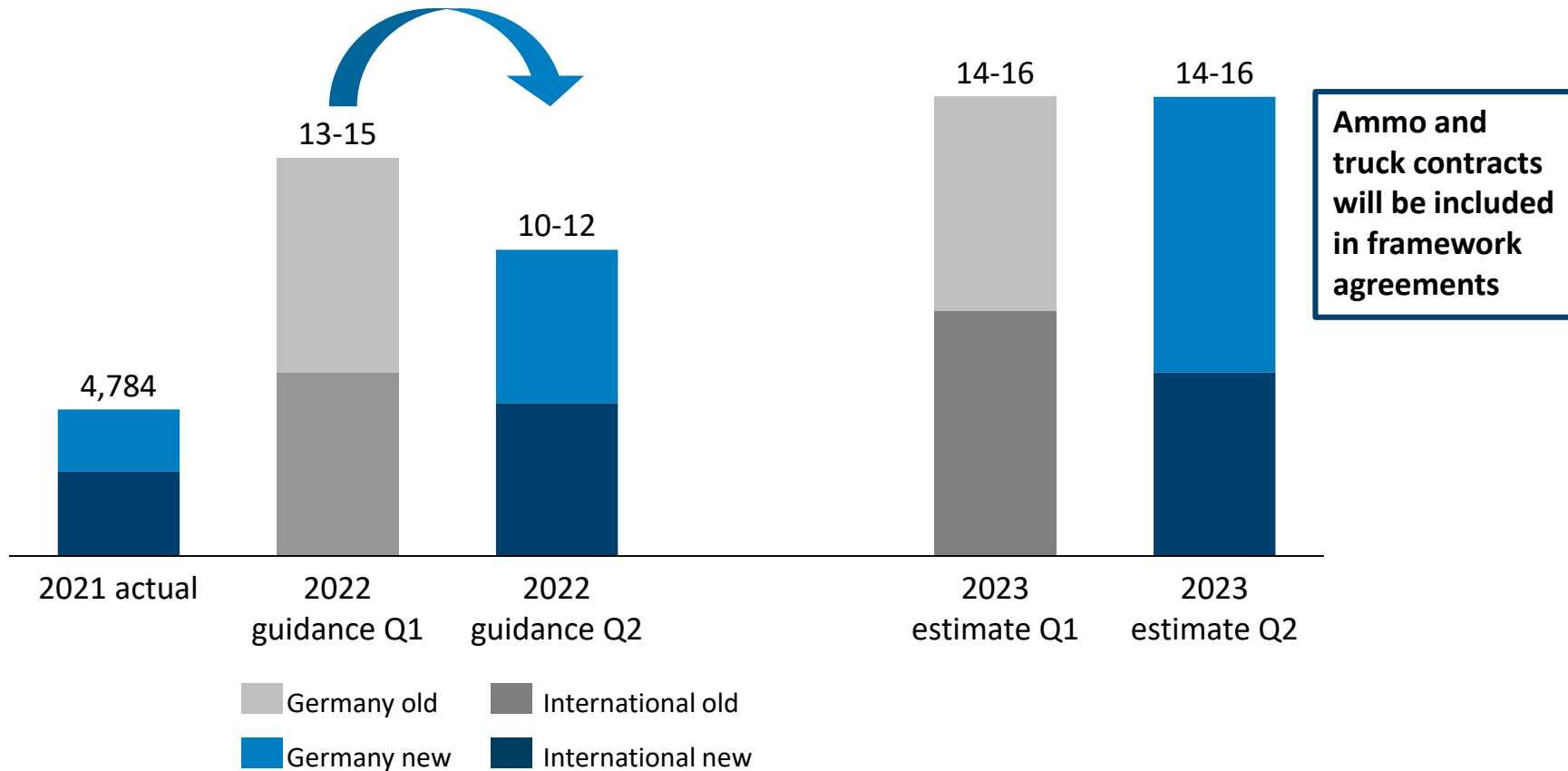
- **Marder**
Preparations ongoing to deliver vehicles from existing stock
- **PzH 2000 (sub supplier)**
Current discussions to produce and supply 100 new vehicles and ammunition

Outlook update on order intake

More clarity on Germany major driver for update of order intake

Order intake* expectation defence divisions

in €bn



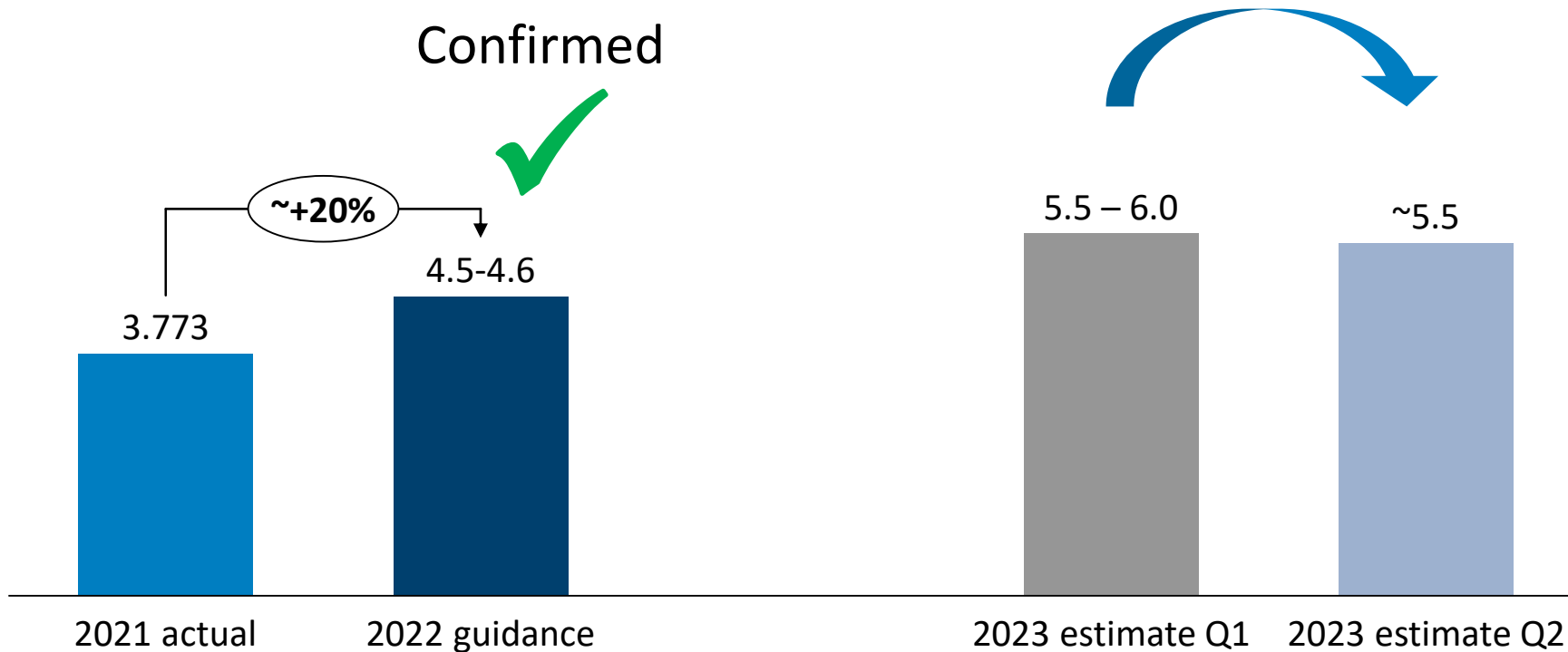
- Details on 100€bn special fund decided in June
- More clarity on project allocation to special fund and defence budget
- Better understanding of order intake timeline with continued customer dialogue
- Customer preference for framework agreements with annual call offs
- Order placement has not gained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

Outlook update on defence divisions sales development

Shift in order intake leads to adjusted sales profile

Sales estimates defence divisions

in €bn

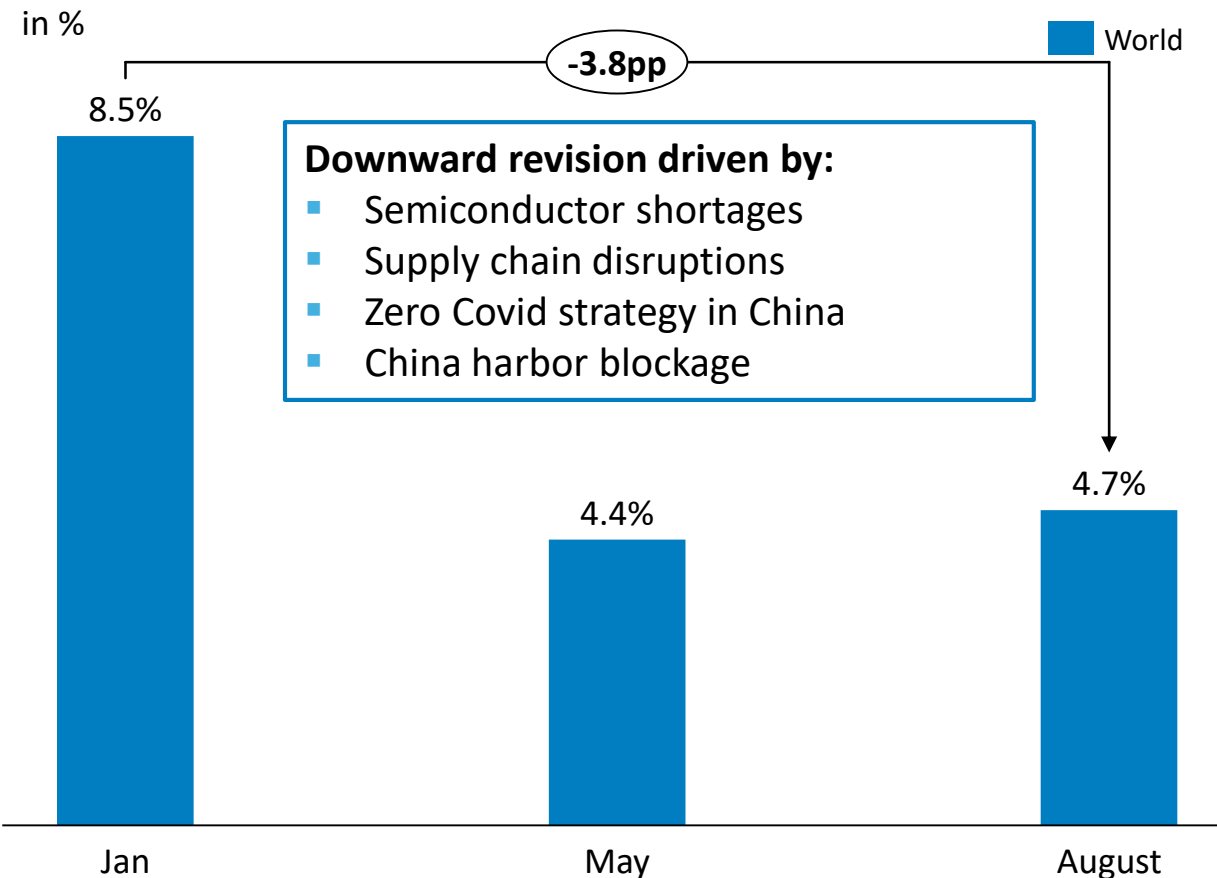


- 2023 Q1 sales estimate was a first indication
- Special fund details suggest more back end loaded spending
- Increasing cash outflows from the special fund, sales growth will accelerate over the next years

Market update

Market environment of the civil business is facing higher risks

2022 Global LV Production growth forecast*



2022 Civil divisions expectations

Market

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

Rheinmetall

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

Outlook

2022 Guidance refined

Organic Sales Growth

~15%

Operating Margin

>11%

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



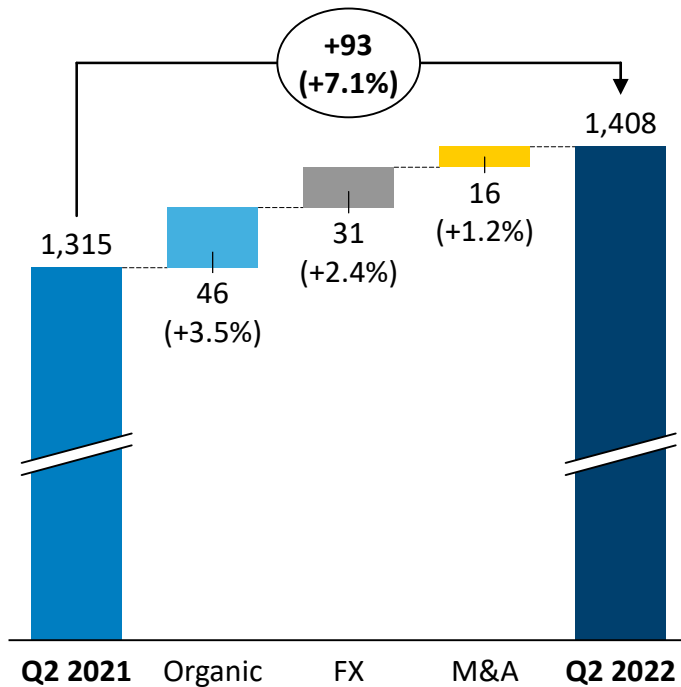
Financials Q2 2022

Q2 2022 Group Highlights: Key financial data

Sales growth and stable margin in a difficult environment

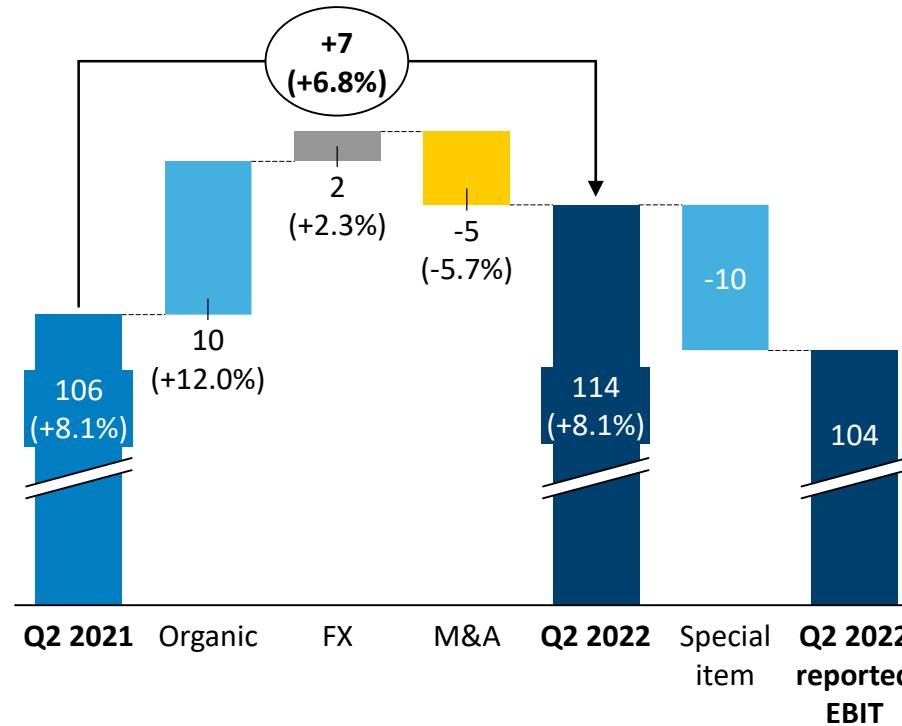
Sales*

in €m



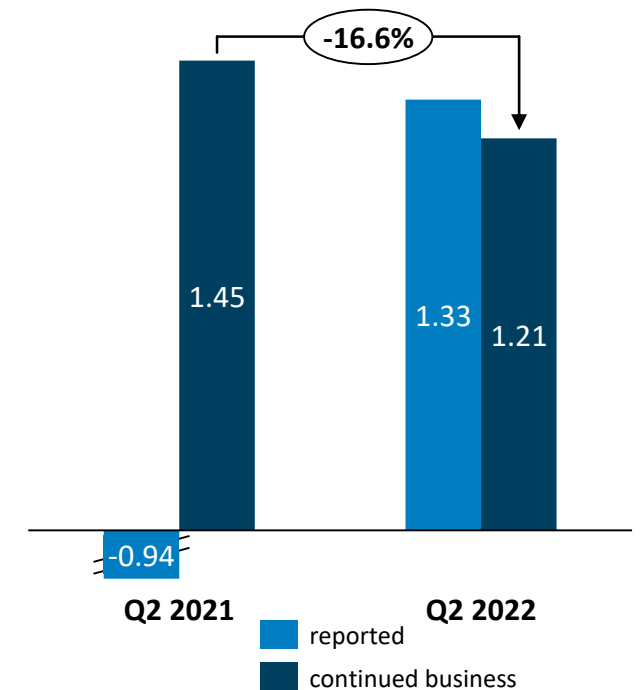
Operating result and margin in %*

in €m



Earnings per share

in €

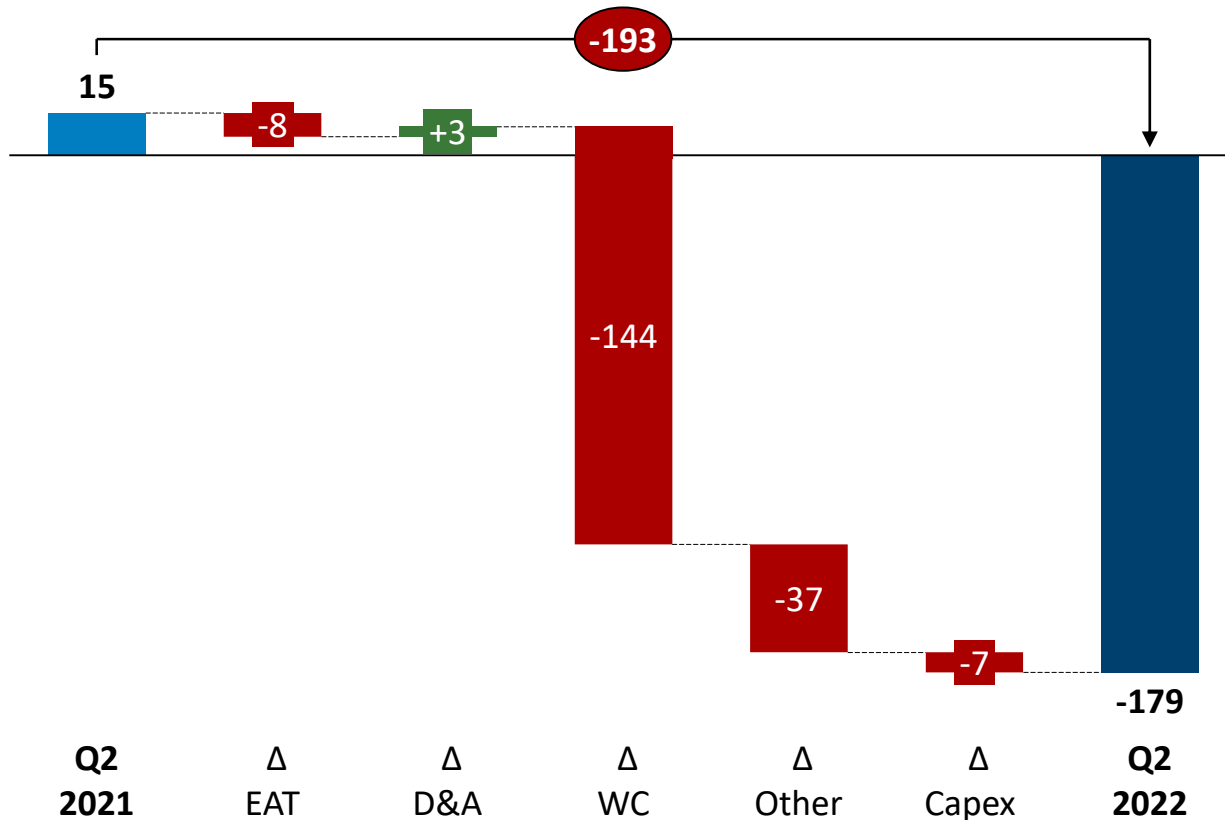


Q2 2022 Group Highlights: Cash flow

Continued working capital preparations burden OFCF

Operating Free Cash flow*

in €m



Highlights / Comments

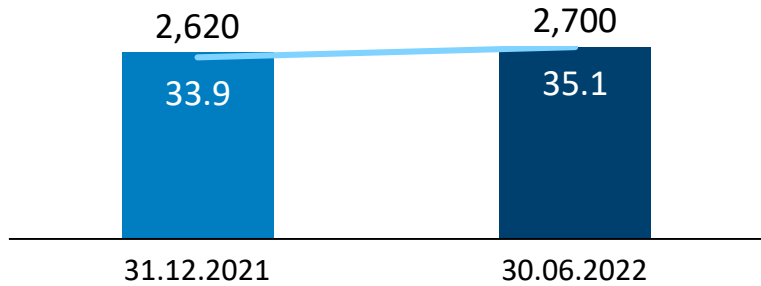
- Ongoing working capital build up to manage stressed supply chains and to prepare future growth
- Operating payments received from major projects in Q2 were level with the prior year but significantly lower than expected in March

Q2 2022 Group Highlights: Balance Sheet

Working capital build up major driver behind net financial position increase

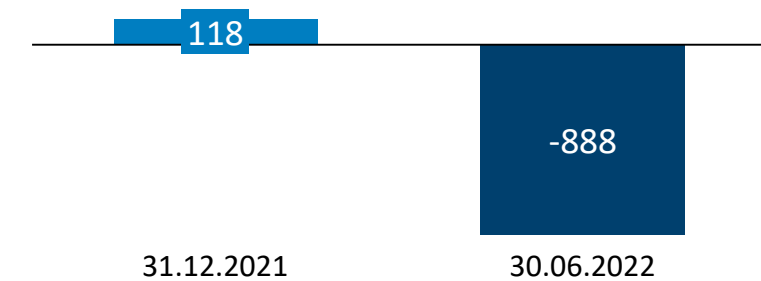
Equity and Equity ratio

in % and €m — Equity ratio ■ Total equity



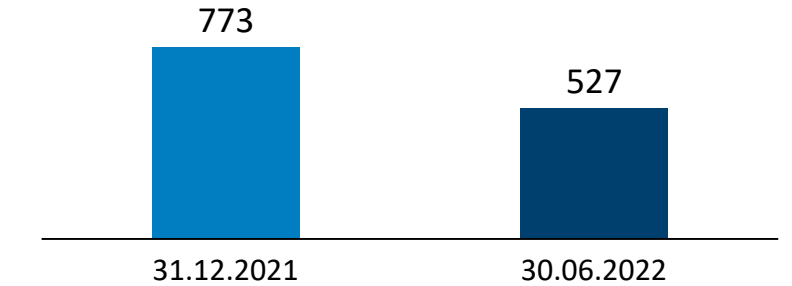
Net financial position*

In €m



Pensions

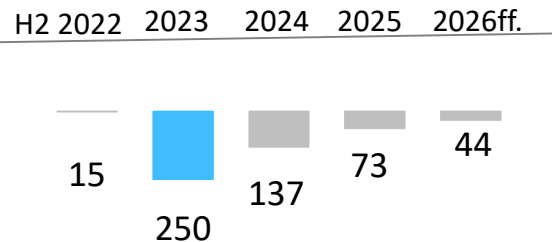
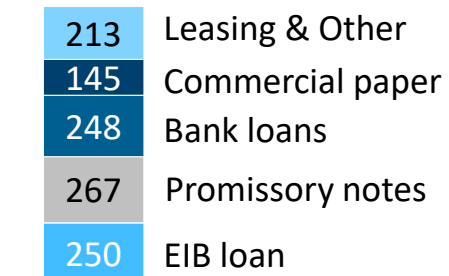
In €m



Gross debt and maturity profile**

in €m

Σ 1,124



30.06.2022

Highlights / Comments

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

Q2 2022 Division Highlights

Stable group margin and negative OCF determine the quarter

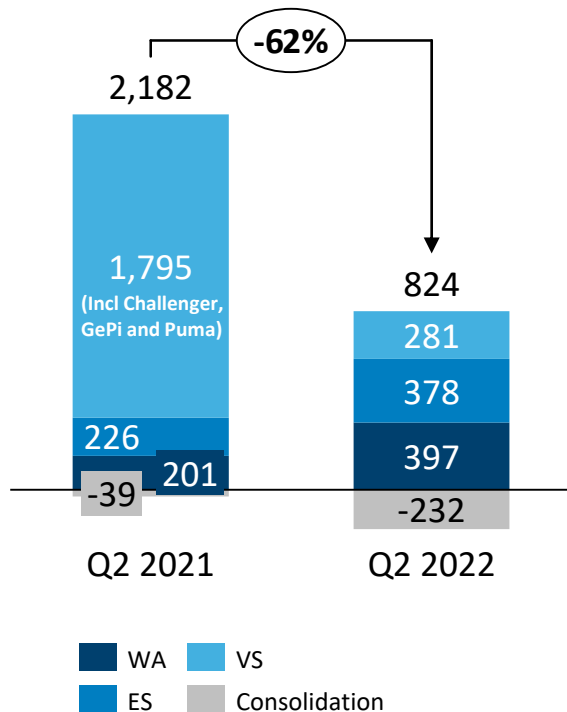
	Sales*			Operating Result*			Margin*		OCF*		
	Q2 2021	Q2 2022	Δ	Q2 2021	Q2 2022	Δ	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Δ
Vehicle Systems	461	451	-2.3%	40	46	15.6%	8.6%	10.2%	96	-16	-112
Weapon and Ammunition	251	307	22.2%	29	39	34.8%	11.5%	12.7%	-22	-51	-29
Electronic Solutions	195	243	24.8%	18	21	14.7%	9.5%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

Q2 2022 Markets & Drivers

Healthy order intake lifts backlog above 15€bn

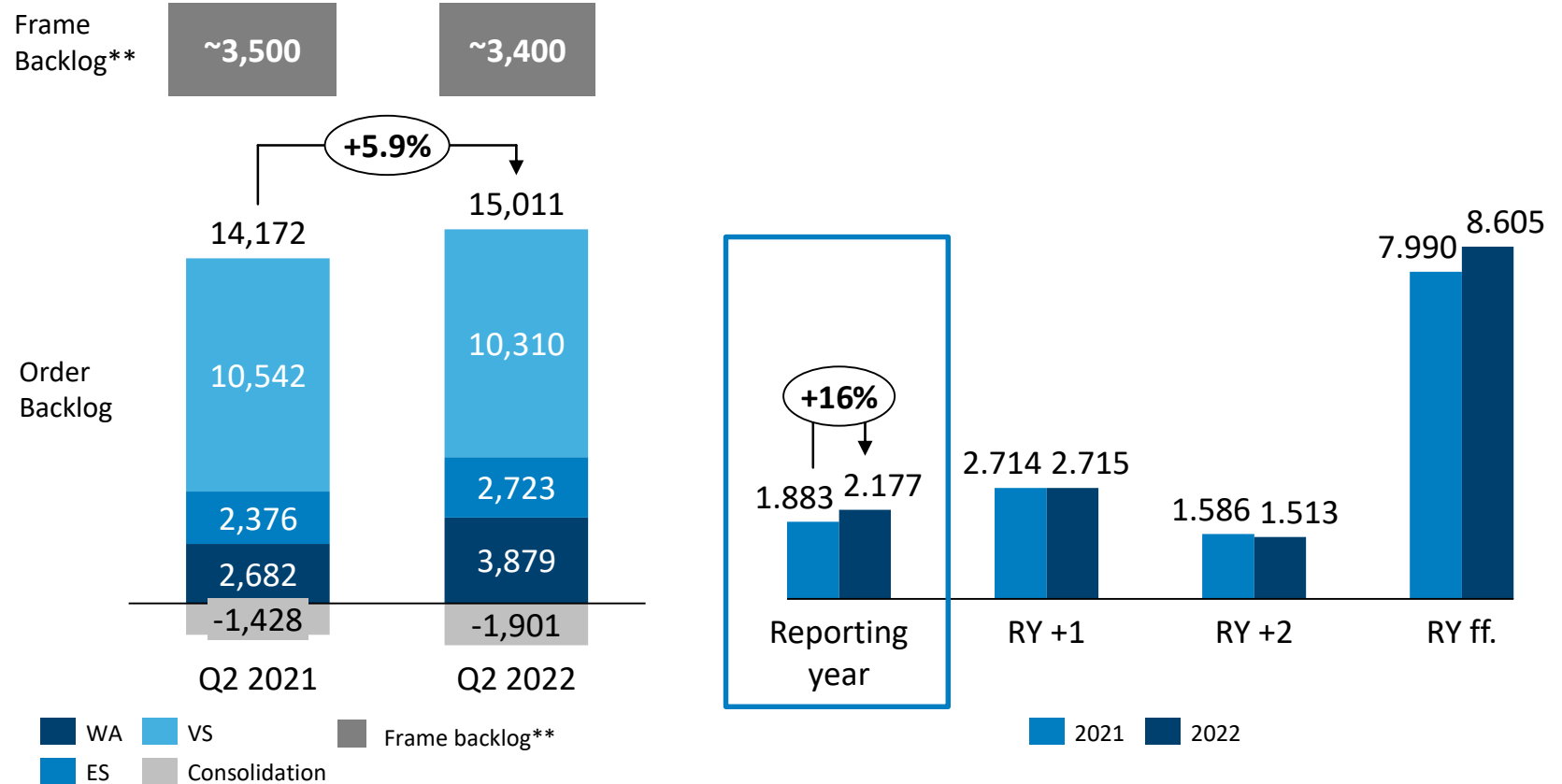
Order intake*

In €m



Order Backlog Profile*

In €m

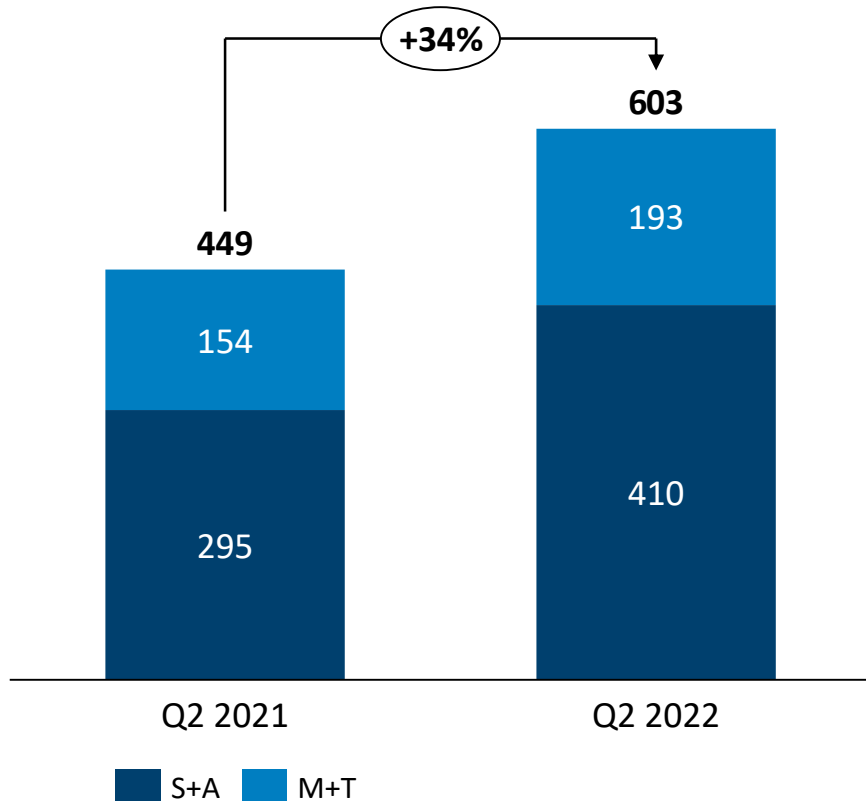


Q2 2022 Markets & Drivers

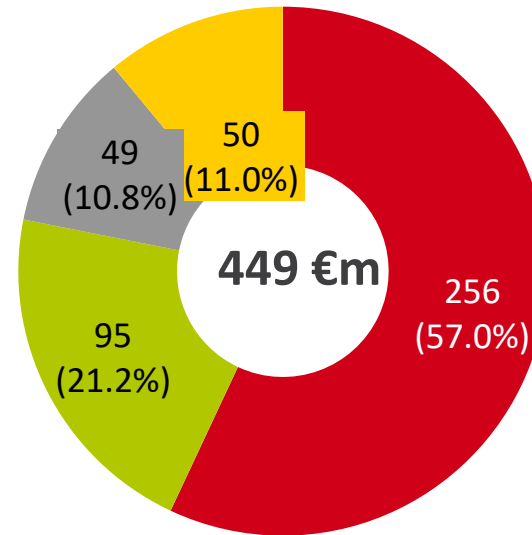
Demand for innovative products remains on high level

Booked business for Sensors + Actuators and Materials + Trade divisions

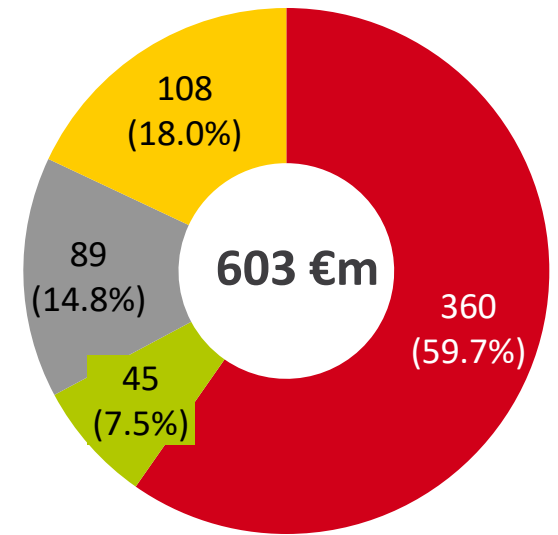
In €m



Booked Business Q2 2021



Booked Business Q2 2022



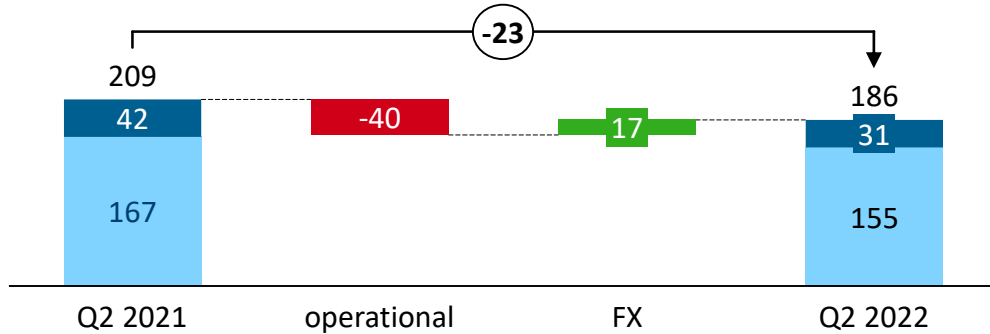
■ LV ICE
 ■ Electrification
 ■ Truck ICE
 ■ Industrial Technology

Q2 2022 Markets & Drivers

Partial lockdown affects our China activities heavily

Sales*

in €m

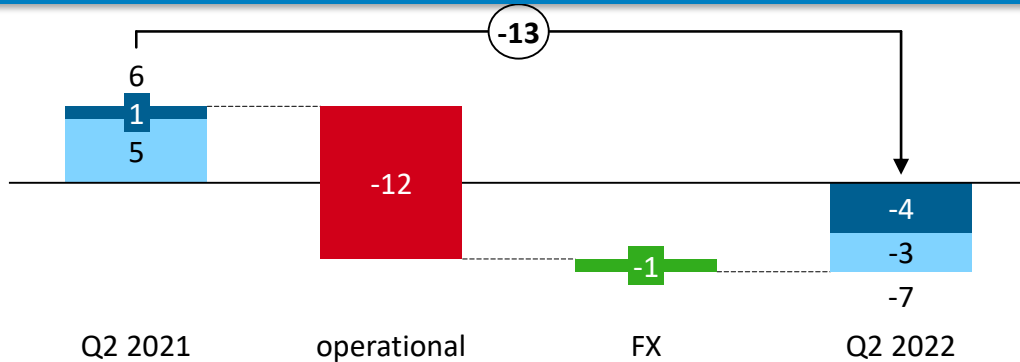


Chinese Market update

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

EBIT*

in €m



■ Wholly owned foreign enterprise ■ Joint Venture

Supply Chain & Energy

Mitigating inflation risk and supply chain challenges is key

Energy

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

Raw materials & Parts

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

Recruitment

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

Next events and IR contacts

Next Events

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

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Quick link to documents

[Corporate Presentation](#)
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[Interim Report](#)
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[Annual Report](#)
 (link)





APPENDIX

Outlook

Group - forecast business performance in 2022

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

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

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

Balance Sheet

€ million	06/30/2022	12/31/2021
Assets		
Goodwill	480	481
Other intangible assets	301	287
Right-of-use assets	209	214
Property, plant and equipment	1,061	1,056
Investment property	28	30
Investments accounted for using the equity method	386	201
Other non-current assets	263	337
Deferred taxes	125	147
Non-current assets	2,852	2,752
Inventories	2,034	1,651
Contract asset	384	408
Trade receivables	1,388	1,164
Other current assets	272	213
Income tax receivables	21	11
Securities held for trade	135	162
Cash and cash equivalents	236	1,039
Assets held for sale	372	334
Current assets	4,842	4,982
Total assets	7,694	7,734

€ million	06/30/2022	12/31/2021
Equity and liabilities	-	-
Share capital	112	112
Capital reserves	566	561
Retained earnings	1.801	1.755
Treasury shares	(6)	(9)
Rheinmetall AG shareholders' equity	2.472	2.418
Non-controlling interests	228	203
Equity	2.700	2.620
Provisions for pensions and similar obligations	527	773
Other non-current provisions	186	210
Non-current financial liabilities	694	706
Other non-current liabilities	109	45
Deferred taxes	49	38
Non-current liabilities	1.565	1.772
Other current provisions	669	677
Current financial liabilities	430	215
Contract liability	1.118	1.111
Trade liabilities	774	809
Other current liabilities	176	196
Income tax liabilities	21	87
Liabilities directly related to assets held for sale	240	246
Current liabilities	3.428	3.341
Total equity and liabilities	7.694	7.734

Income Statement

€ million	Q2 2022	Q2 2021	H1 2022	H1 2021
Sales	1.408	1.315	2.674	2.582
Changes in inventories and work performed by the enterprise and capitalized	86	29	229	114
Total operating performance	1.494	1.343	2.902	2.696
Other operating income	39	30	68	52
Cost of materials	714	635	1.398	1.300
Staff costs	464	423	921	838
Amortization, depreciation and impairment	62	58	122	116
Other operating expenses	166	154	319	303
Income from investments accounted for using the equity method	-2	4	15	11
Other net financial income	-21	-1	-40	-11
Earnings before interest and taxes (EBIT)	104	106	185	190
Interest income	1	2	2	3
Interest expenses	7	7	14	18
Earnings before taxes (EBT)	98	101	172	176
Income taxes	-30	-24	-45	-45
Earnings from continuing operations	68	76	128	131
Earnings from discontinued operations	5	-103	6	-99
Earnings after taxes	73	-27	134	31
Of which:				
<i>Non-controlling interests</i>	16	13	29	23
<i>Rheinmetall AG shareholders</i>	57	-40	105	9
Earnings per share	1.33 EUR	-0.94 EUR	2.42 EUR	0.20 EUR
Earnings per share from continuing operations	1.21 EUR	1.45 EUR	2.28 EUR	2.50 EUR
Earnings per share from discontinued operations	0.12 EUR	-2.39 EUR	0.14 EUR	-2.30 EUR

Cashflow Statement

€ million	H1 2022	H1 2021
Earnings after taxes	134	31
Amortization, depreciation and impairment of property, plant and equipment, intangible assets and investment property	122	119
Impairment of non-current assets of discontinued operations	0	91
Allocation of CTA assets to secure pension and partial retirement obligations	-50	-25
Other changes in pension provisions	-12	-2
Income from disposals of non-current assets	-1	0
Changes in other provisions	-20	-46
Changes in working capital	-589	-136
Changes in receivables, liabilities (without financial debt) and prepaid & deferred items	-131	2
Pro rata income from investments accounted for using the equity method	-15	-15
Dividends received from investments accounted for using the equity method	4	15
Other non-cash expenses and income	0	-11
Cash flow from operating activities ¹⁾	-557	23
of which continuing operations	-549	35
of which discontinued operations	-8	-13
Investments in property, plant and equipment, intangible assets and investment property	-100	-88
Cash inflows from the disposal of property, plant and equipment, intangible assets and investment property	4	1
Cash outflows for investments in consolidated companies and other financial assets	-198	-23
Cash outflows for investments in securities held for trade	0	0
Cash flow from investing activities	-294	-110
of which continuing operations	-287	-103
of which discontinued operations	-7	-6
Dividends paid out by Rheinmetall AG	-143	-87
Other profit distributions	-6	-5
Borrowing of financial debt	299	152
Repayment of financial debt	-108	-185
Cash flow from financing activities	42	-124
of which continuing operations	62	-208
of which discontinued operations	-20	83
Changes in cash and cash equivalents	-809	-211
Changes in cash and cash equivalents due to exchange rates	3	0
Total change in cash and cash equivalents	-806	-211
Opening cash and cash equivalents January 1	1058	1027
Closing cash and cash equivalents June 30	251	816
Closing cash and cash equivalents June 30 from discontinued operations	15	23
Closing cash and cash equivalents according to consolidated balance sheet June 30	236	793