

CONFERENCE CALL FY 2022

Transformation for growth

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Taking responsibility in a changing world

We develop technologies for the **protection** of people and a **sustainable** development

“Peace cannot be taken for granted, it needs dialogue, but where necessary also **deterrence and determination**”

President of the Federal Republic of Germany F.W. Steinmeier

Force **protection** is our mission, we **enable** governments

Taking responsibility in a changing world

Rheinmetall has been a partner to support the Ukraine

INDIRECT SUPPORT



DIRECT SUPPORT



NEXT LEVEL



Taking responsibility in a changing world

Rheinmetall delivers and is ready to do more



Leopard 1

- Access to ~ 100 Leopard 1
- 80-90 vehicles offered to Ukraine
- Potential for 20+ vehicles in 2023
- Contract signing expected soon



Leopard 2

- Access to ~ 50 Leopard 2
- 29 in overhaul for Ring Swaps with SVK and CZE
- First deliveries already in Q4 2022, complete delivery by end of 2023
- Further vehicles beyond ring swaps available for delivery by the end of 2023 beginning of 2024



Marder

- 140-150 Marder on Stock
- 60 vehicles under contract: 40 Marder in Ring Swaps with Greece (20 delivered)
- 20 Marder direct delivery to Ukraine until end of March 2023
- Potential monthly delivery of 10 vehicles from Q3 2023 onwards

Ammunition not included

Transformation for growth

Preparing for the new accelerated growth cycle



Capacity growth

Plants and People



M&A

Game changing acquisition of Spanish EXPAL Systems



Closing expected for summer 2023

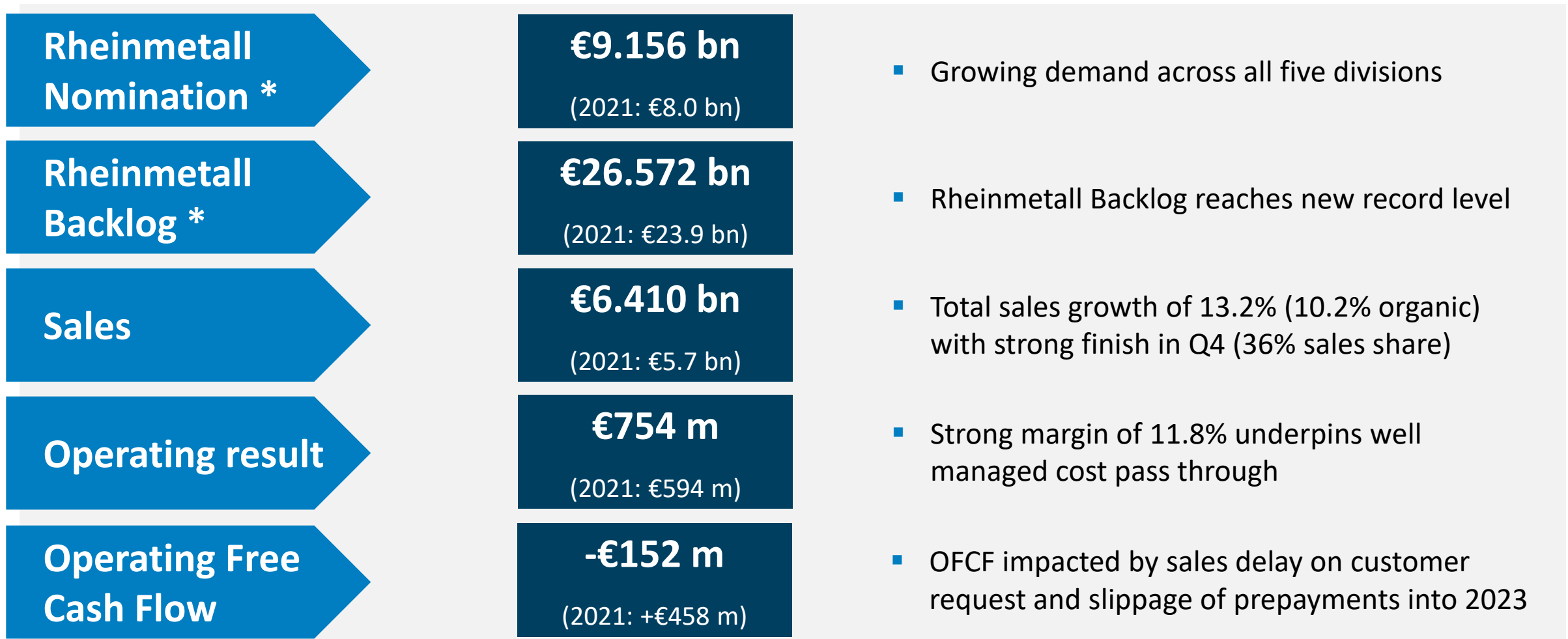


Innovations

- Main Battle Tanks
- Panther
- Drones
- Artillery
- Infantry Fighting Vehicles
- Digitization

FY 2022 Group Highlights

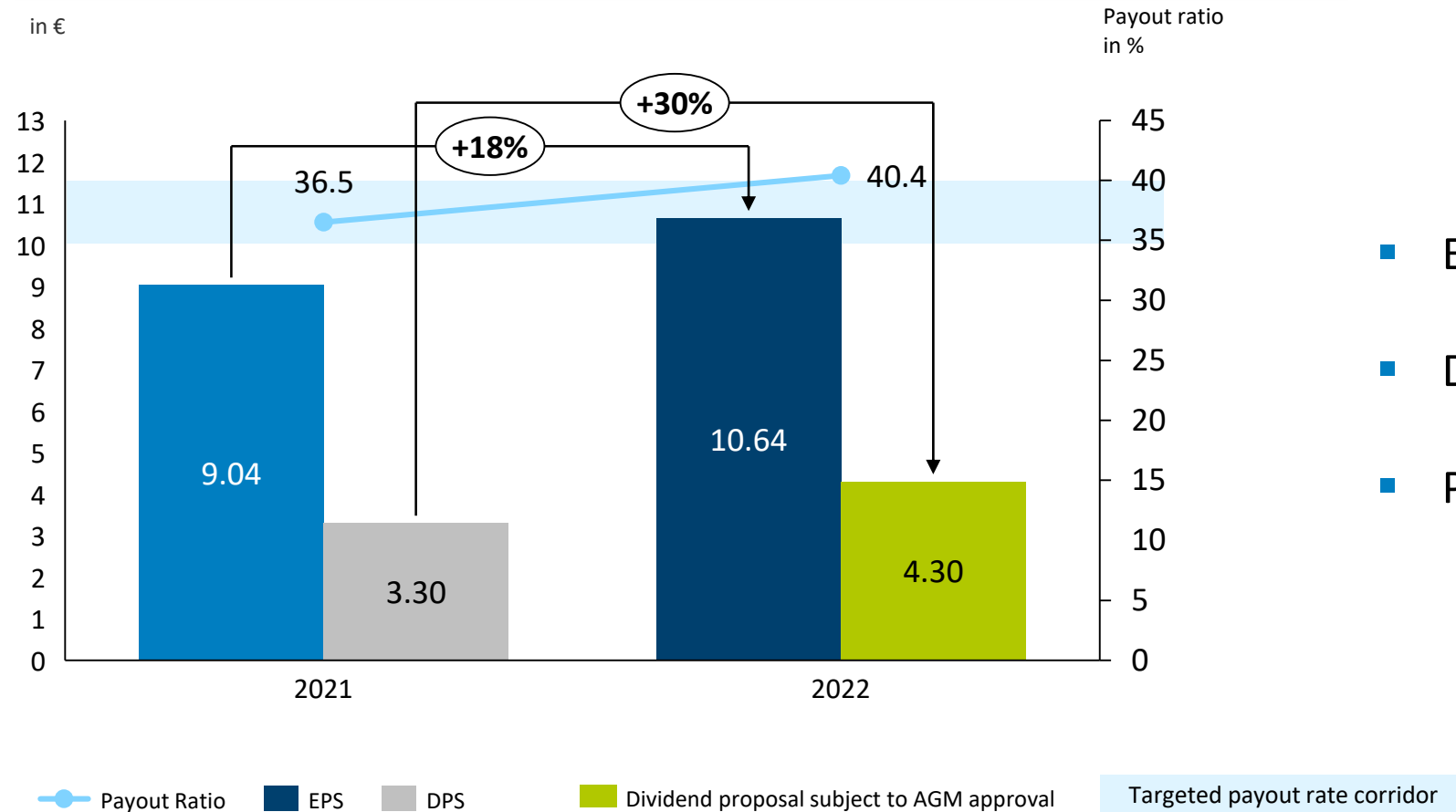
Transformation for growth becomes tangible with another record year



FY 2022 Group Highlights

AGM to decide on record dividend proposal

Earnings and dividend per share



- Earnings per share grew 18%
- Dividend proposal rises to €4.30
- Payout ratio at ~40%



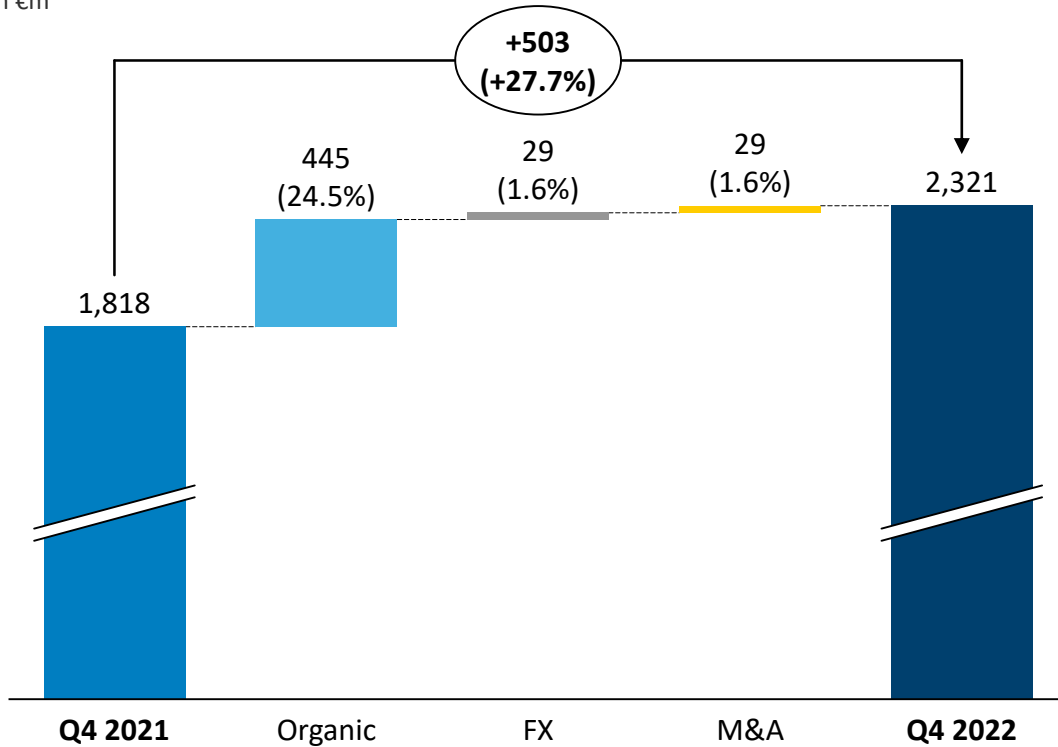
Financials

Group Highlights: Key financial data

Fourth quarter with record performance

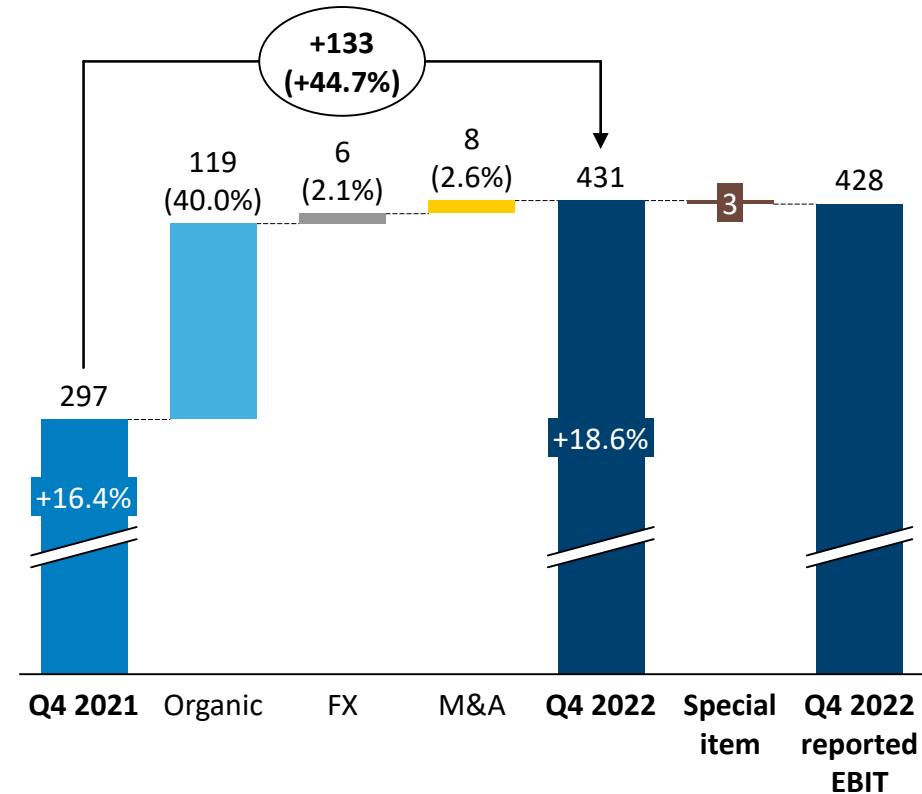
Sales*

in €m



Operating result and margin in %*

in €m

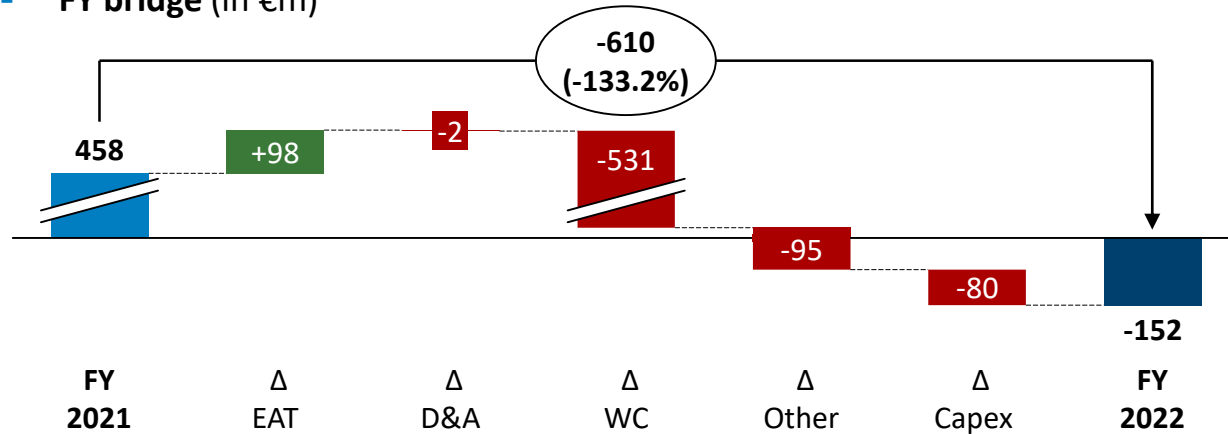


Group Highlights: Cash Flow

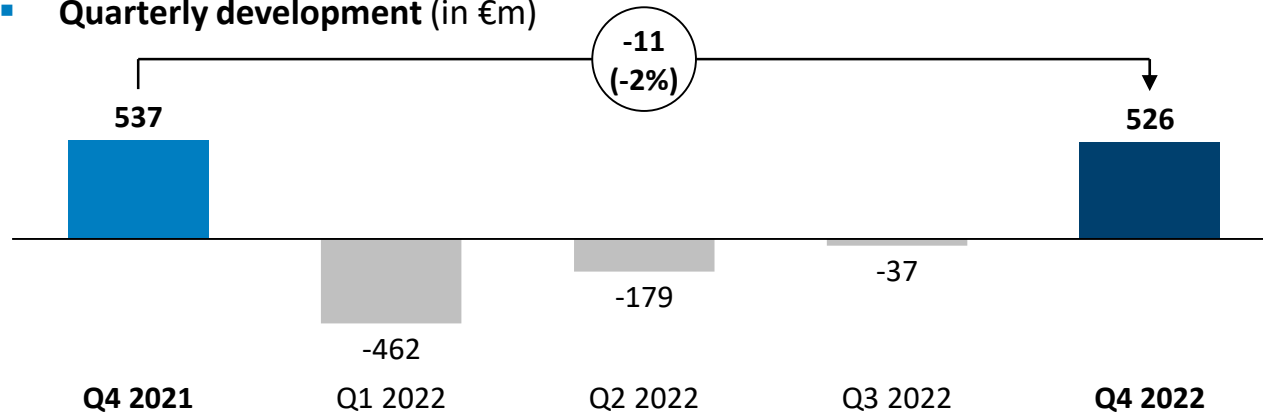
Q4 almost on strong previous year level despite strategic working capital build up

Operating Free Cash flow*

FY bridge (in €m)



Quarterly development (in €m)



Highlights / Comments

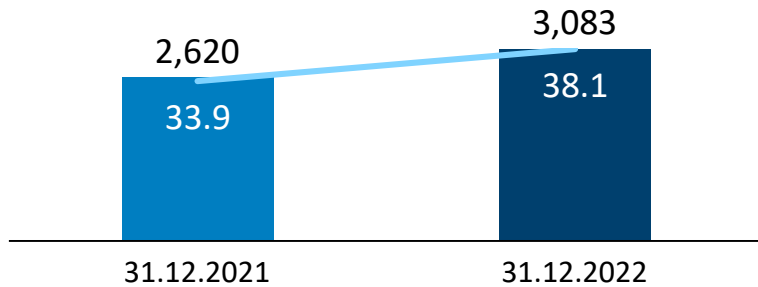
- Volume driven earnings growth
- Working capital increase driven by lower than expected inventory reduction and sales related receivables increase
- Ramp up of capacity expansion
- Lower than expected cash-in from prepayments
- Confident outlook for Q1

Group Highlights: Balance Sheet

Negative cash flow impacts net financial position

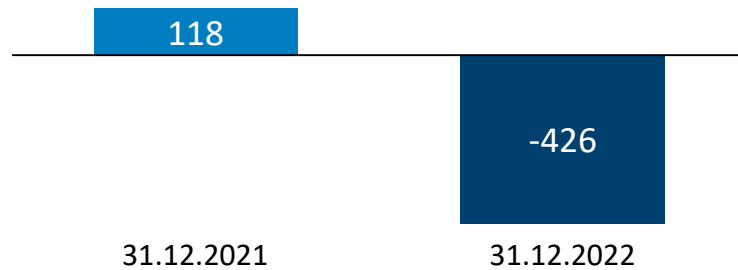
Equity and Equity ratio

in % and €m — Equity ratio ■ Total equity



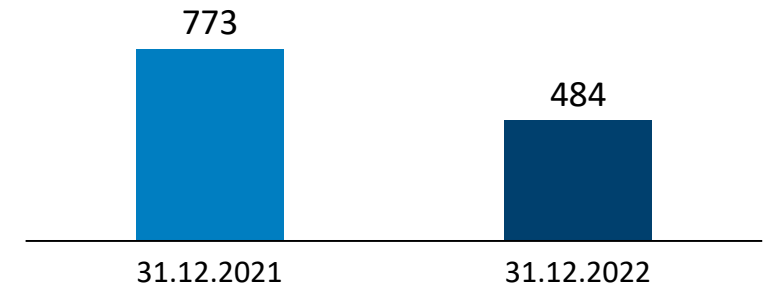
Net financial position*

In €m



Pensions

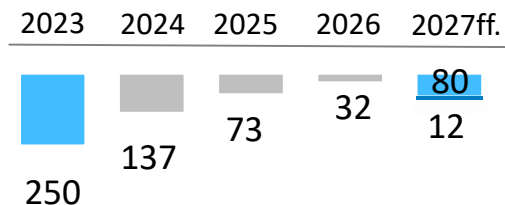
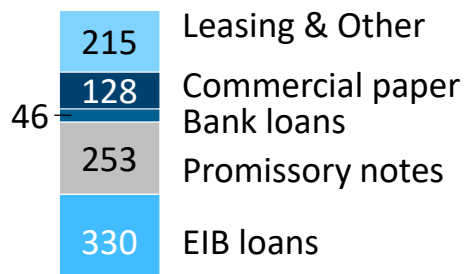
In €m



Gross debt and maturity profile**

in €m

Σ 971



Highlights / Comments

- Equity ratio strongly improved
- Pension obligation further reduced on interest effect
- Undrawn credit lines of €0.9bn per end of Q4
- Cash position of €545m and additional securities held for trade with a value of €132m per end of Q4

Group Highlights: Financing

Successful placement of € 1 billion convertible bonds

Transaction Terms		
Execution Date	31-Jan-23	Effective Date 07-Feb-23
Total Deal Size	€1.0bn (split in 2 equally sized series)	
Underlying Shares	3.2m Shares / 7.4% Share Capital	
Tenor	Series A: 5 Years	Series B: 7 Years
Series Issue Size	€500m	€500m
Coupon	1.875%	2.250%
	<i>Interest is payable semi-annually, firstly due on 07-Aug-23</i>	
Premium	45%	45%
Conversion Price	€309.90	
Dividend Protection	Above an increasing reference dividend schedule (FY22: €4.10, FY23: €5.20, thereafter: €6.60 p.a.)	

Highlights

- Dual-tranche structure to spread out maturities
- Multiple oversubscription during book-building
- Attractive funding due to annual cash savings of above 2% p.a. vs. comparable straight bonds cash out

Group Highlights: Divisions

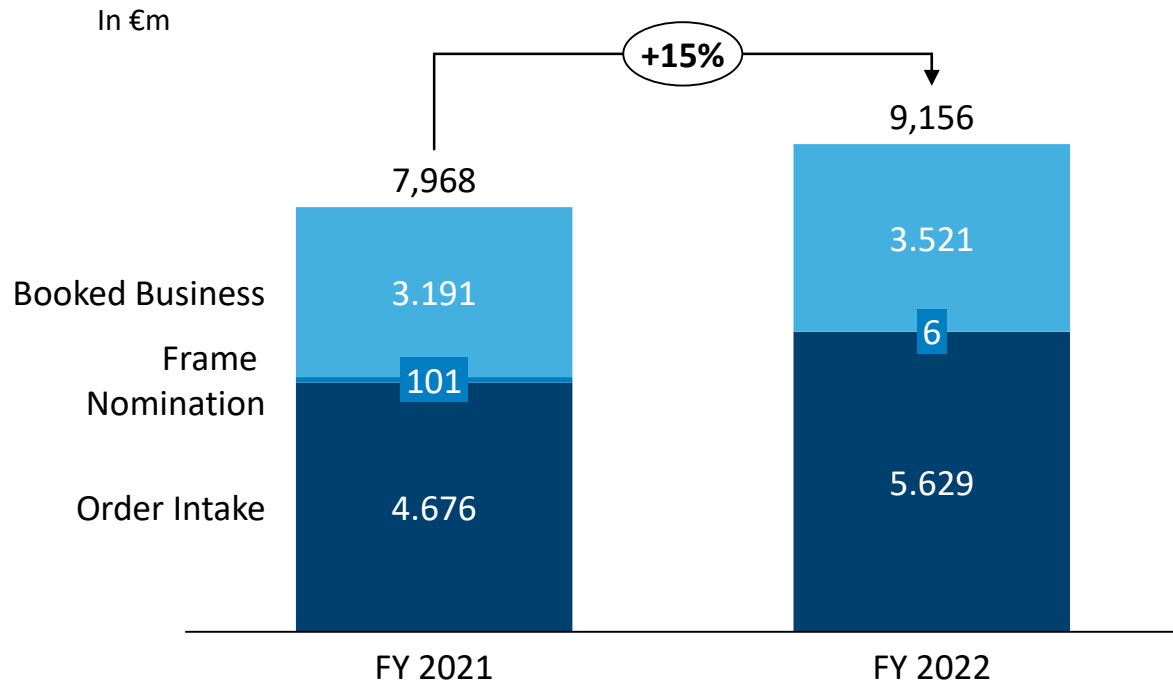
Security business sets the quarter on a new performance level

	Sales*			Operating Result*			Margin*		OFCF*		
	Q4 2021	Q4 2022	delta	Q4 2021	Q4 2022	delta	Q4 2021	Q4 2022	Q4 2021	Q4 2022	delta
Vehicle Systems	579	950	64.0%	70	138	97.6%	12.1%	14.5%	77	178	102
Weapon and Ammunition	533	621	16.6%	145	199	36.9%	27.2%	32.0%	276	118	-157
Electronic Solutions	374	422	12.6%	50	68	35.2%	13.5%	16.2%	132	193	61
Sensors and Actuators	308	337	9.3%	29	29	-0.6%	9.4%	8.5%	36	41	5
Materials and Trade	166	181	9.2%	13	23	77.8%	7.7%	12.5%	18	44	26
Other / Consolidation	-143	-190	-32.8%	-9	-25	-172.3%			0	-48	-48
Rheinmetall Group	1,818	2,321	27.7%	298	431	44.7%	16.4%	18.6%	537	526	-11

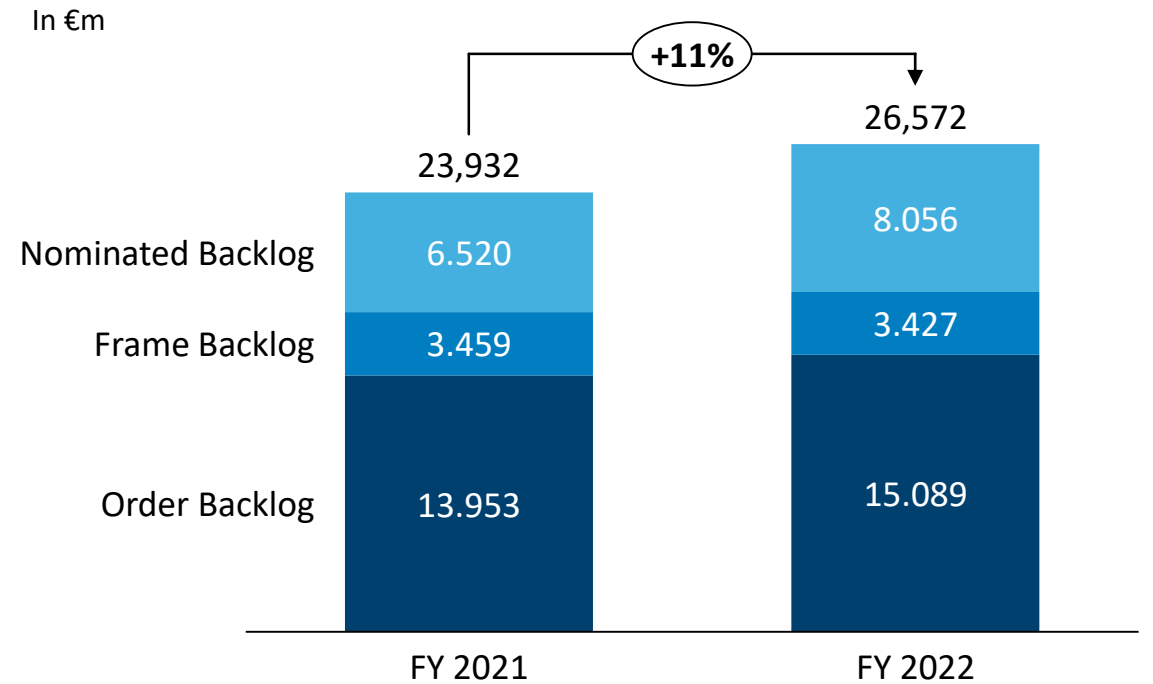
Group Highlights: Nomination and Backlog

Pick-up in demand becomes visible

Rheinmetall Nomination *



Rheinmetall Backlog**



* Rheinmetall Nomination = Order Intake (Div. W+A, ES, VS) + Frame Nomination (Div. W+A, ES, VS: New Frame agreements – call offs from existing frame backlog) + Booked Business (Div. S+A, M+T)

** Rheinmetall Backlog = Order backlog (signed and fixed contracts) + Frame Backlog (signed frameworks incl. truck and ammunition framework agreements for several years) + Nominated backlog (inventory figure aligned to the annual sales planning S+A/M+T based on the nomination letters of the booked business)



OUTLOOK

Outlook

The civil market is changing, we are prepared!



Innovative ICE portfolio with solutions for clean mobility

- Successful nominations for last ICE generation




Well equipped Electrification Portfolio

- Grow market penetration
- Electric Mobility is growing fast within our booked business



Diversify into new applications started successfully

- Entry into the house warming market
- H2 components for mobile and stationary applications



Market disruptions well managed

- Supply chains hardened
- Lockdowns under control
- First milestones of Piston disposal process achieved

Outlook

German decisions expected to gain momentum



Equipment

- Puma upgrade
- 2nd lot Puma (tracked)
- Marder successor (wheeled)
- Heavy weapon carrier
- Trucks



Ammunition

- Large caliber
 - 105mm
 - 120mm
 - 155mm
- Medium caliber
 - 20mm (Marder)
 - 30mm (Puma)
 - 35mm (Gepard)



Digitization

- Gladius Soldier System
 - First call-off
 - Framework contract
- D-LBO

Outlook

Key sales drivers of our business



Weapon and Ammunition

- Growth of German ammo budget from €0.7 to €1.2 bn
- Additional ammo budget planned
- Refill of NATO ammo stocks
- Supply of ammo to Ukraine
- New production plants and increased capacities



Vehicle Systems

- Start of prototype phase for OMFV and CTT*
- Ramp up of Lynx, Challenger and Boxer volumes in Hungary and UK
- Puma and trucks for Germany
- Land 400 Phase 3 decision
- Heavy Weapon carrier G-to-G

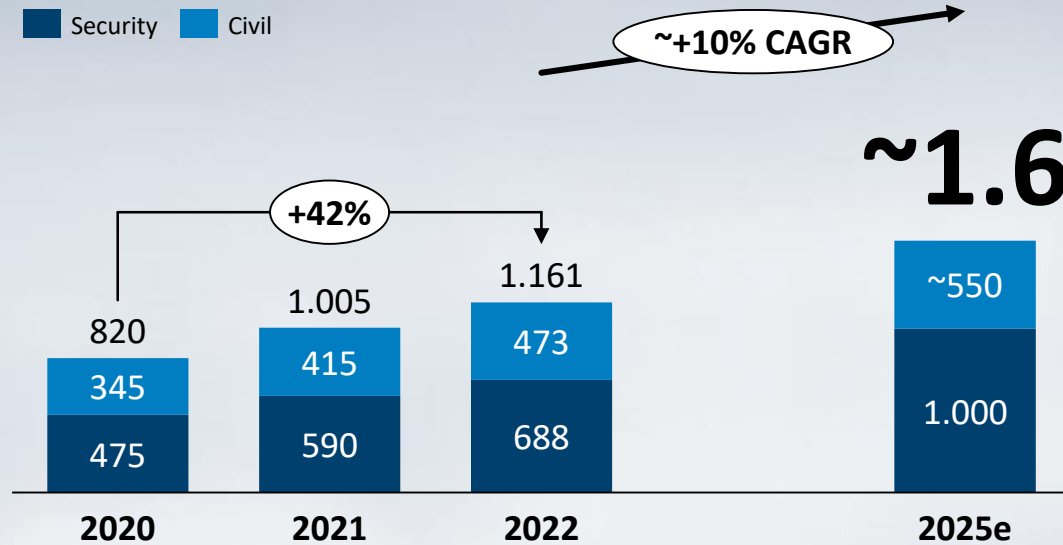


Electronic Solutions

- Digitization of the German Forces
 - Gladius Soldier Systems
 - Next step D-LBO
- European Air Defence Initiatives

Outlook

Growing importance of service business



- Rising number of platforms
- Expansion beyond traditional vehicles service business with
 - Helicopter service and maintenance
 - Service potential in aviation (F-35) (post 2025)
 - Maintenance for vehicles in services in NATO countries
 - Service HUBs for partner countries

Outlook: New business

Unique opportunity to step up our aviation business



- F-35 assembly in order to create German value generation
- LOI with Lockheed Martin / Northrop Grumman signed in February 2023
- Long-term contract under negotiation to support European F-35 demand

Outlook: New business

European initiatives to strengthen defence autonomy



Air Defence

- ESSI: Establish and strengthen European air defense (15 members)
- Joint procurement of new systems at short, medium and long range.
- Rheinmetall offers platform agnostic solutions including Skyranger and Skynex



MBT

- MGCS
- KF 51 Panther
- Leopard 2 Upgrades
- Leopard 1 & 2 for Ukraine



Long Range Artillery

- Multiple interconnected activities for next-gen long range precision strike capabilities
 - Ballistic and
 - Rocket artillery



Ammo Restocking

- Short term supply to Ukraine
- Joint procurement initiative to lift stock levels
- Secure long-term increase of EU ammo production capacities

Outlook

Currently no major obstacles in sight



Energy

- Energy saving measures in place
- Supply and prices are secured
- We do not expect any energy risk for 2023



Supply Chain

- Raw material situation addressed with strategic buying of key raw materials (e.g. armored steel and electronic components)
- Material price escalation clauses in place
- Currently no major supply chain issues flagged



Recruitment

- Headcount increased in 2022 by 1,541 employees
- Time to fill rate reduced to 85 working days
- Around 68.000 applications in Germany in 2022

Outlook

Guidance 2023

	2023e	2022
Sales	Between €7.4 to 7.6 bn	€ 6.410 bn
Operating Margin	Around 12%	11.8%
Operating free cash flow	4-6% OFCF to sales	-€152 m

**Sales guidance includes FX effects and excludes contributions from acquisitions.
Guidance will be updated after the EXPAL closing.**

One more thing.....



**Security joins
DAX!**

Next events and IR contacts

Next Events

Bank of America, Global Industrials Conference	21 March
Q1 Earnings call	04 May
Annual General Meeting	09 May
Stifel, German Corporate Conference	12 May
UBS, Best of Europe Virtual	17 May
Berenberg Conference USA	25 May
Société Générale, The Nice Conference	02 June
Exane, CEO Conference	06 June
Warburg Highlights	15 June
Deutsche Bank, German Swiss Austrian Conference	20/21 June
Q2 Earnings call	10 Aug
Q3 Earnings call	09 Nov

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Quick link to documents

[Corporate Presentation](#)
 (link)



[Interim Report](#)
 (link)



[Annual Report](#)
 (link)



Outlook

Group - forecast business performance in 2023

		2023	2022
Sales			
Group	€ million	sales growth €7.4 bn to €7.6 bn	6,410
Division Vehicle Systems	€ million	sales growth 25% to 30%	2,270
Division Weapon and Amunition	€ million	sales growth 25% to 30%	1,470
Division Electronic Solutions	€ million	sales growth 15% to 20%	1,063
Division Sensors and Actuators	€ million	sales growth 5% to 8%	1,382
Division Materials and Trade	€ million	sales growth 4% to 7%	743
Operating result margin			
Group	%	operating result margin around 12%	11.8
Division Vehicle Systems	%	operating result margin 11% to 13%	11.4
Division Weapon and Amunition	%	operating result margin 20% to 22%	20.8
Division Electronic Solutions	%	operating result margin 11% to 13%	11.1
Division Sensors and Actuators	%	operating result margin 7% to 9%	6.9
Division Materials and Trade	%	operating result margin 9% to 11%	9.1
OFCF (in relation to sales)			
Group	%	4% to 6 %	(2.4)



APPENDIX

FY 2022 Division Highlights

Strong operational performance across all divisions

	Sales*			Operating Result*			Margin*		OFCF*		
	FY 2021	FY 2022	delta	FY 2021	FY 2022	delta	FY 2021	FY 2022	FY 2021	FY 2022	delta
Vehicle Systems	1.883	2.270	20,5%	174	258	48,6%	9,2%	11,4%	321	81	-240
Weapon and Ammunition	1.233	1.470	19,3%	218	306	40,5%	17,6%	20,8%	132	-207	-340
Electronic Solutions	932	1.063	14,1%	99	118	19,5%	10,6%	11,1%	-52	52	104
Sensors and Actuators	1.315	1.382	5,1%	103	95	-7,9%	7,8%	6,9%	29	48	19
Materials and Trade	651	743	14,1%	51	68	33,6%	7,8%	9,1%	24	39	15
Other / Consolidation	-356	-519	-45,9%	-49	-90	-83,1%			4	-164	-168
Rheinmetall Group	5.658	6.410	13,3%	594	754	26,9%	10,5%	11,8%	458	-152	-595

Balance Sheet

€ million	12/31/2022	12/31/2021
Assets		
Goodwill	483	481
Other intangible assets	338	287
Right-of-use assets	209	214
Property, plant and equipment	1.137	1.056
Investment property	24	30
Investments accounted for using the equity method	408	201
Other non-current assets	187	337
Deferred taxes	98	147
Non-current assets	2.884	2.752
Inventories	1.976	1.651
Contract assets	362	408
Trade receivables	1.548	1.164
Other current assets	242	213
Income tax receivables	23	11
Securities held for trade	132	162
Cash and cash equivalents	545	1.039
Assets held for sale	377	334
Current assets	5.206	4.982
Total assets	8.089	7.734

€ million	12/31/2022	12/31/2021
Equity and liabilities		
Share capital	112	112
Capital reserves	566	561
Retained earnings	2.140	1.755
Treasury shares	(6)	(9)
Rheinmetall AG shareholders' equity	2.812	2.418
Non-controlling interests	271	203
Equity	3.083	2.620
Provisions for pensions and similar obligations	484	773
Other non-current provisions	205	210
Non-current financial debts	517	706
Other non-current liabilities	56	45
Deferred taxes	78	38
Non-current liabilities	1.341	1.772
Other current provisions	674	677
Current financial debts	454	215
Contract liabilities	1.120	1.111
Trade liabilities	931	809
Other current liabilities	200	196
Income tax liabilities	67	87
Liabilities directly associated with assets held for sale	220	246
Current liabilities	3.665	3.341
Total equity and liabilities	8.089	7.734

Income Statement

Income statement of the Rheinmetall Group for fiscal 2022

€ million	2022	2021
Sales	6.410	5.658
Changes in inventories and work performed by the enterprise and capitalized	153	117
Total operating performance	6.563	5.775
Other operating income	221	134
Cost of materials	3.183	2.745
Personnel costs	1.836	1.643
Amortization, depreciation and impairment	249	251
Other operating expenses	768	656
Income from investments carried at equity	32	11
Other net financial income	(48)	(17)
Earnings before interest and taxes (EBIT)	731	608
Interest income	12	4
Interest expenses	32	31
Earnings before taxes (EBT)	711	582
Income taxes	(183)	(150)
Earnings from continuing operations	528	432
Earnings from discontinued operations	8	(100)
Earnings after taxes	535	332
Of which:		
<i>Non-controlling interests</i>	66	41
<i>Rheinmetall AG shareholders</i>	469	291
Earnings per share	€ 10,82	€ 6,72
Earnings per share from continuing operations	€ 10,64	€ 9,04
Earnings per share from discontinued operations	€ 0,18	€ (2,32)

Cashflow Statement

Statement of cash flows of Rheinmetall Group for fiscal 2022		
€ million	2022	2021
Earnings after taxes	535	332
Amortization, depreciation and impairment	303	254
Impairment of non-current assets of discontinued operations	-	91
Allocation of CTA assets to secure pension and partial retirement obligations	(62)	(35)
Other changes in pension provisions	(18)	(17)
Income from disposals of non-current assets	(5)	0
Changes in other provisions	(9)	(51)
Changes in working capital	(507)	22
Changes in receivables, liabilities (without financial debt) and prepaid & deferred items	(39)	63
Pro rata income from investments accounted for using the equity method	(74)	(15)
Dividends received from investments accounted for using the equity method	17	30
Other non-cash expenses and income	33	16
Cash flow from operating activities¹⁾	174	690
Of which continuing operations	175	705
Of which discontinued operations	(1)	(14)
Investments in property, plant and equipment, intangible assets and investment property	(349)	(271)
Cash inflows from the disposal of property, plant and equipment, intangible assets and investment property	19	3
Cash inflows from for the disinvestments in consolidated companies and financial assets	2	1
Cash outflows from investments in consolidated companies and financial assets	(205)	(35)
Cash in-/outflows from/ for securities held for trade	-	(160)
Cash flow from investing activities	(534)	(462)
Of which continuing operations	(512)	(438)
Of which discontinued operations	(22)	(24)

Statement of cash flows of Rheinmetall Group for fiscal 2022		
€ million	2022	2021
Dividends paid out by Rheinmetall AG	(143)	(87)
Other profit distributions	(6)	(5)
Increase in shares in consolidated subsidiaries	1	-
Borrowing of financial debts	249	122
Repayment of financial debts	(232)	(231)
Cash flow from financing activities	(131)	(202)
Of which continuing operations	(65)	(300)
Of which discontinued operations	(66)	98
Changes in cash and cash equivalents	(491)	27
Changes in cash and cash equivalents due to exchange rates	1	4
Total change in cash and cash equivalents	(490)	30
Opening cash and cash equivalents January 1	1,058	1,027
Closing cash and cash equivalents December 31	568	1,058
Closing cash and cash equivalents December 31 from discontinued operations	23	19
Cash and cash equivalents as per consolidated statement of financial position December 31	545	1,039