



Q1 set a solid base to achieve FY targets

Conference Call Q1 2019
Düsseldorf, 9 May 2019

MOBILITY. SECURITY. **PASSION.**

 **RHEINMETALL**
GROUP

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Q1 2019 Group commercial highlights

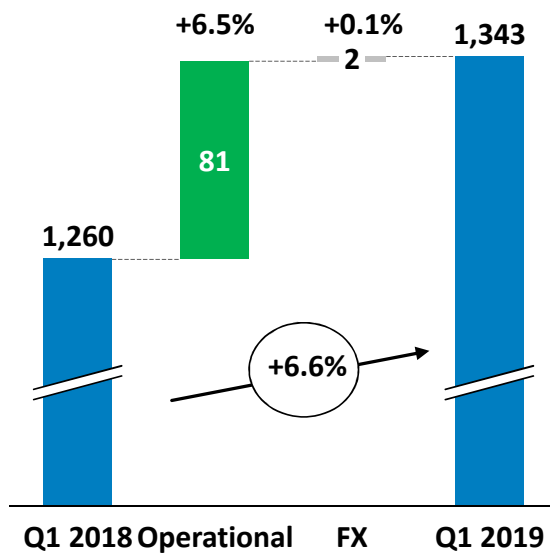
Solid operational performance and improved cash flow

Order backlog	Sales	Operating result	EPS	oFCF
€9.1bn  +26%	€1.3bn  +6%*	€54m  +15%	€0.74  +35%	€-128m  +55%

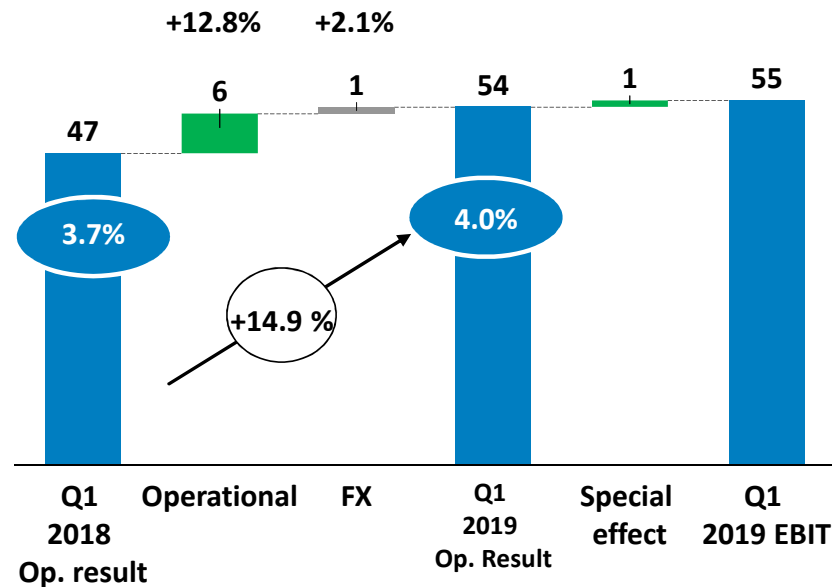
- Order backlog increased 26% y-o-y
- Sales climbed 6.5% at *constant exchange rates (reported 6.6%) to €1,343m
- Operating result progressed €7m to €54m lifting margin to 4.0%
- EPS increased by 35% to €0.74
- Operating FCF improved materially from €-287m to €-128m
- FY Guidance confirmed

Higher operating result drove EPS by almost 35%

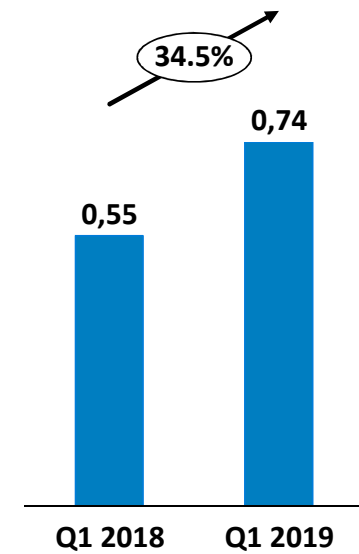
■ Sales
in €m



■ Operating result in €m
Operating margin in %

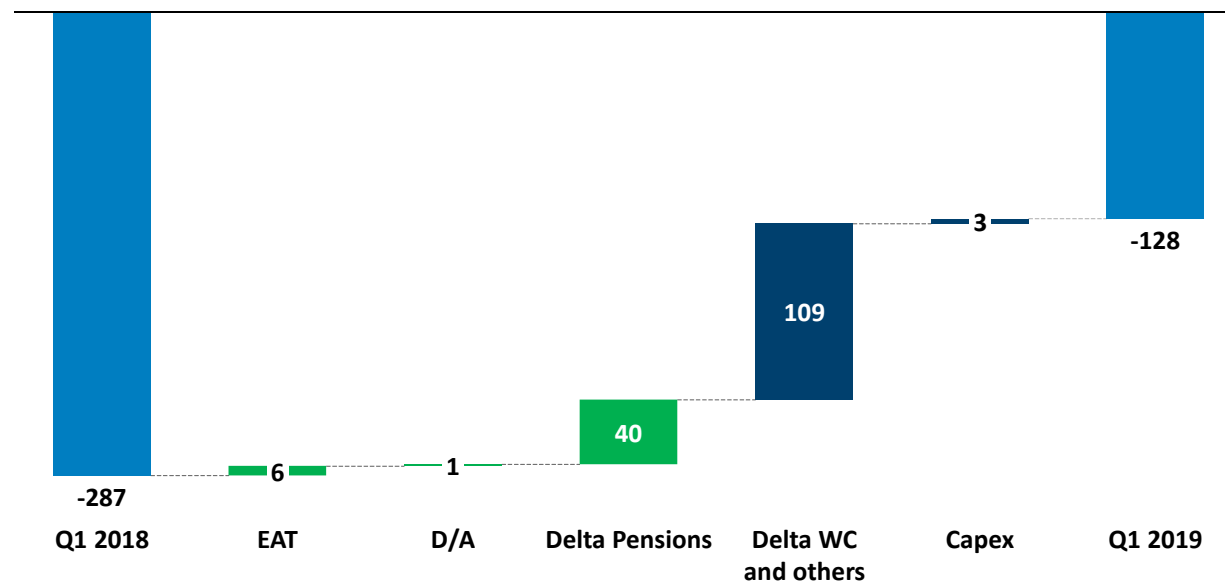


■ Earnings per share
in €



Working capital optimization main driver for cash flow improvement

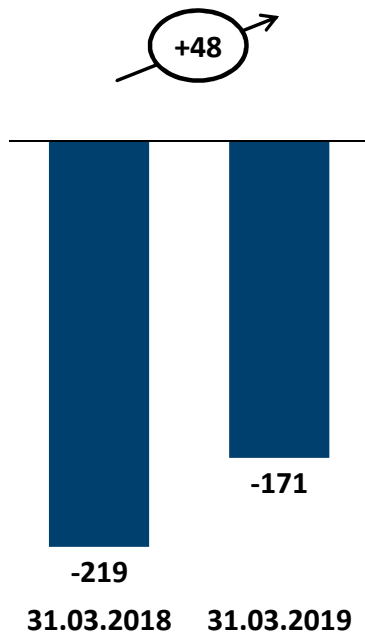
■ Operating free cash flow bridge
in €m



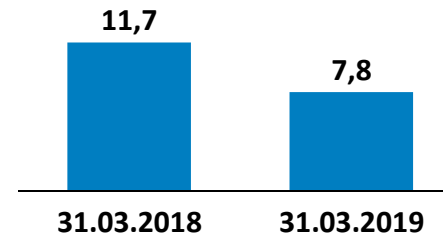
- No CTA funding in Q1 2019
- Working capital inflow especially from Defence

KPI improvement continues

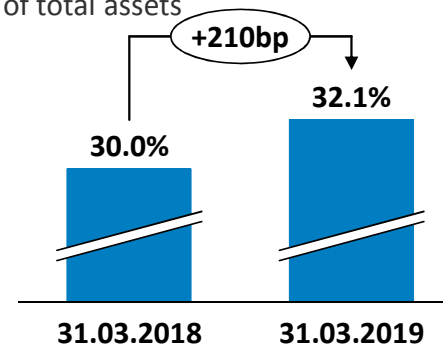
Net debt
in €m



Net Gearing
Net debt in % of total equity



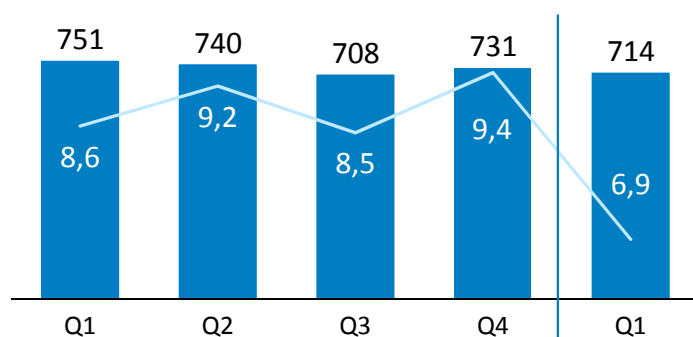
Equity ratio
in % of total assets



Q1 2019 Highlights: Automotive

Q1 sales in line with expectations, operating result slightly better

Quarterly sales and margin development



Comments on quarterly performance

- Sales decline of -4.9% (FX-adjusted -5.4%) in line with a contracting market environment (Global LV production: -5.7%) and comparing to a strong previous year quarter
- Expected reduction of operating result to €49m, with margin declining to 6.9%, but better than anticipated
- OCF impacted by preparation of SOP later this year and extended supply chains

In €m	Q1 2018	Q1 2019	Δ
Sales	751	714	-4.9%
Operating result	65	49	-24.6%
Operating margin in %	8.6%	6.9%	-174 bp
Operating Free Cash Flow	-50	-76	-52.0%
Operating FCF / Sales	-6.7%	-10.6%	-399 bp

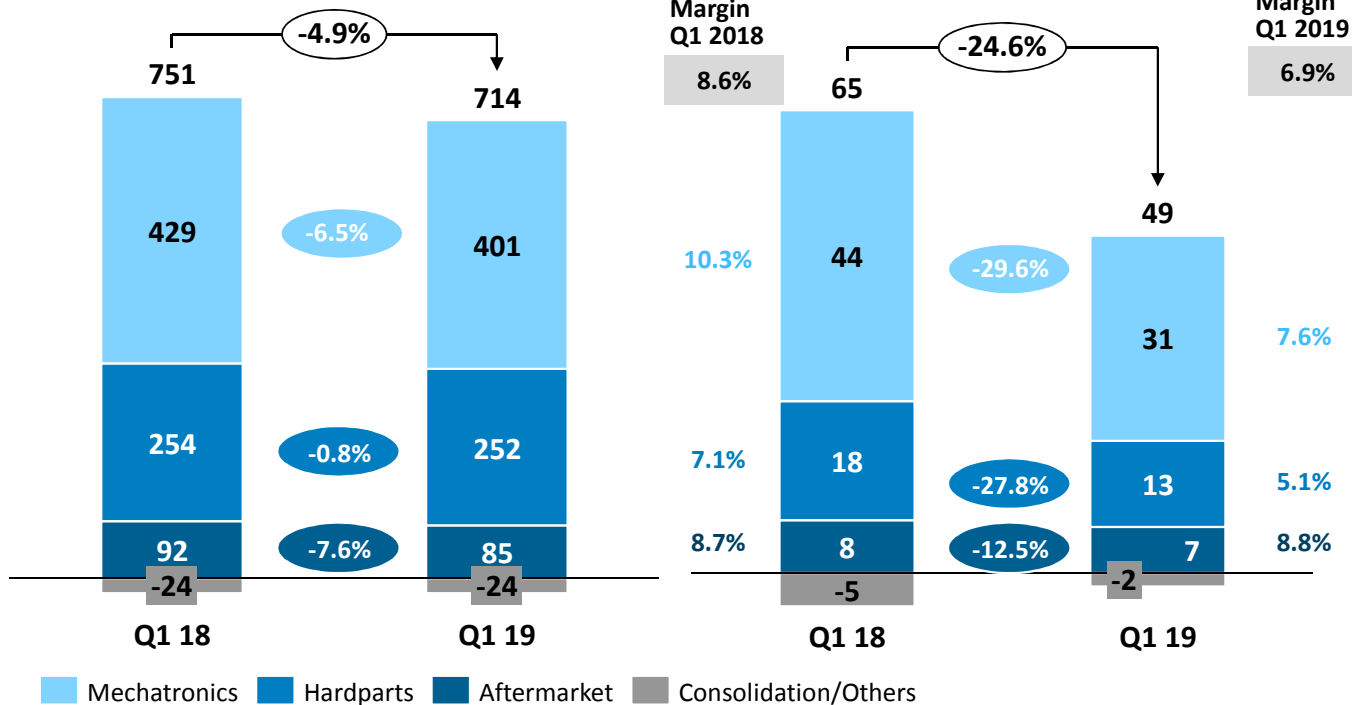
Q1

Q1 2019 Highlights: Automotive

All three divisions impacted by a slow market environment

Sales Automotive
in €m

Operating result Automotive
in €m



Mechatronics

- Sales slower than market on particular customer order pattern
- Negative leverage additionally held back by start up cost and E-mobility R&D expenses

Hardparts

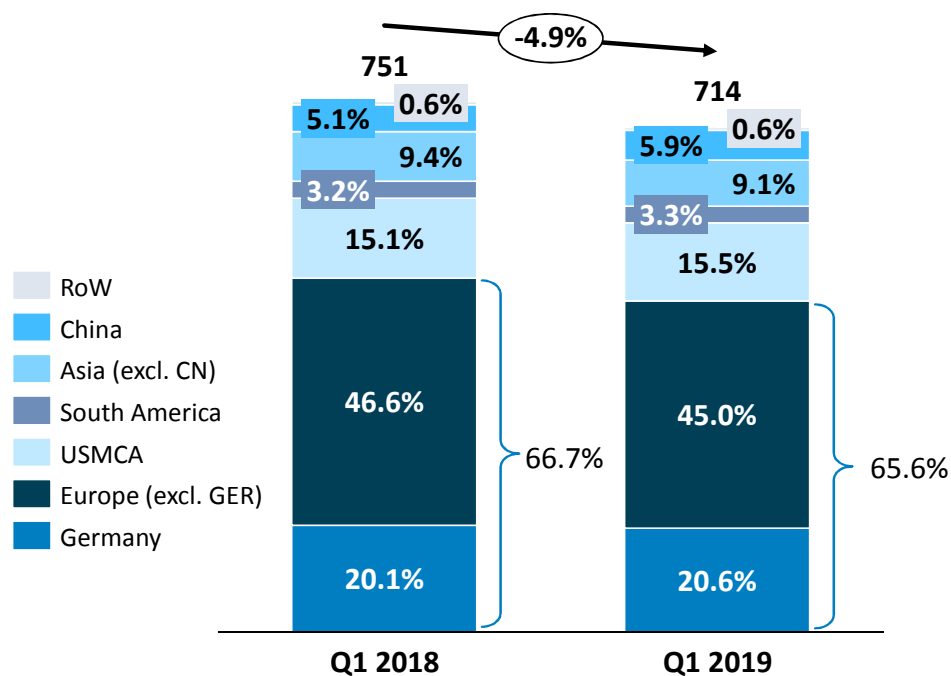
- Bearings suffered from Diesel related sales decline
- Ramp up and lower at equity contribution burden result




Aftermarket

- Slow start to the year, mainly in Western Europe and Asia

Automotive sales follow weak global LV production pattern

Regional sales development Automotive in €m

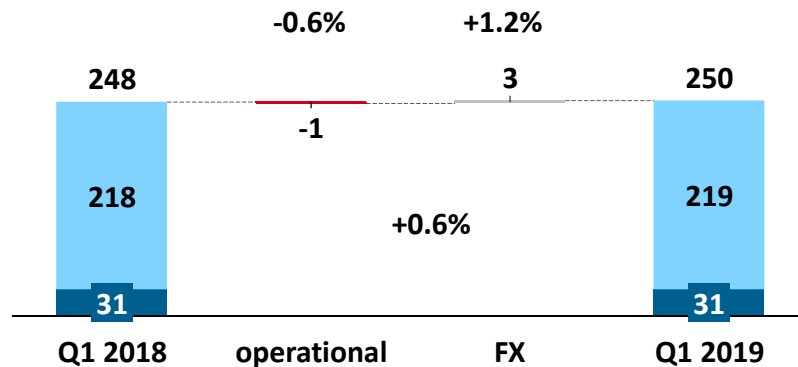


- Weak market environment, global LV production declined by 5.7% 
- Diesel and WLTP still burdened Europe in Q1 
- Ramp-up of electrical pumps in Germany and China supportive 

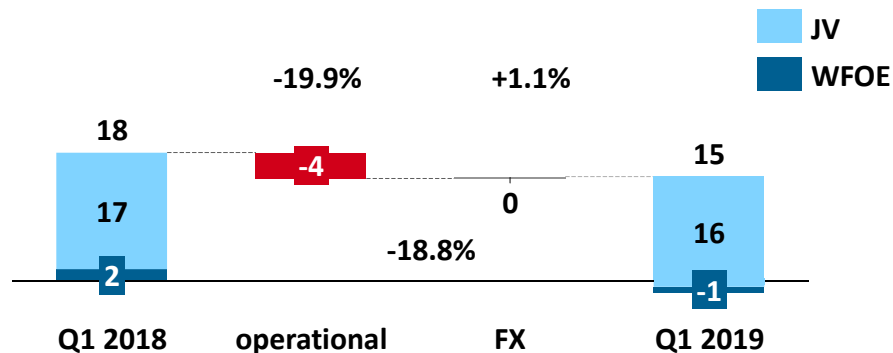
China

Rheinmetall successfully managed China market crash in Q1

■ Sales
in €m



■ EBIT
in €m



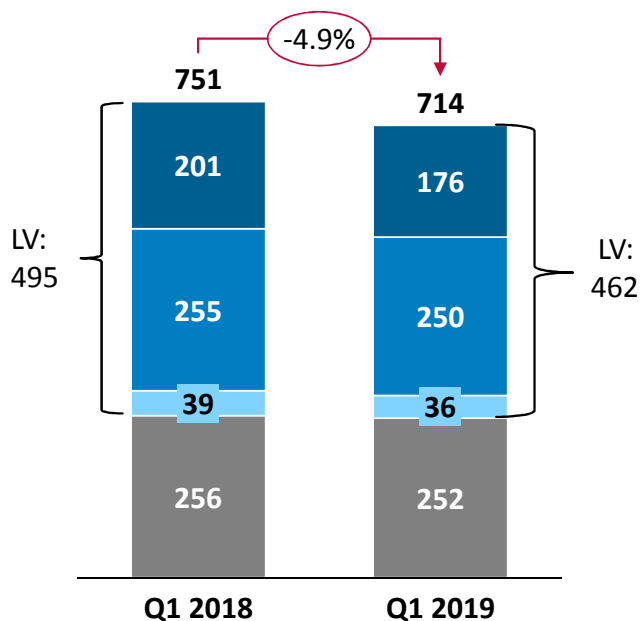
- Sales stable on previous year level (-0.6% FX-adjusted) vs. a crashing Chinese LV-market of -12.1%
- Q1 without major adverse FX-effects on sales and EBIT
- JV sales include higher demand for Mechatronics products continued, e.g. ramp up of electronic pumps
- Hardparts suffered from market driven sales decline
- EBIT impacted by low margin WFOE trading sales

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

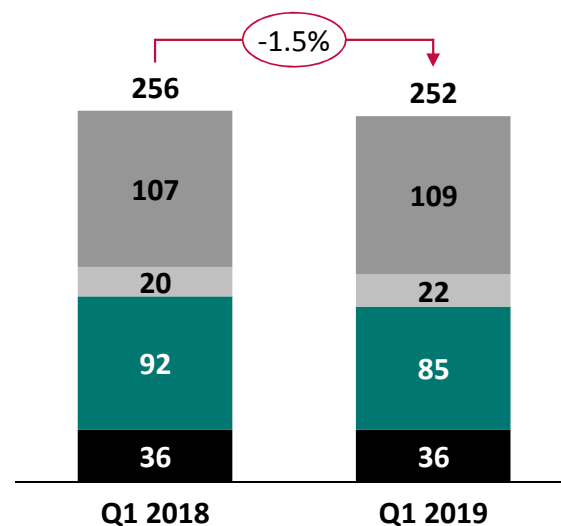
Q1 2019 Highlights: Automotive

Truck and other businesses helped mitigating the LV sales decline

■ Sales split LV/ Non-LV
in €m / in %



■ Sales split Non-LV
in €m / in %



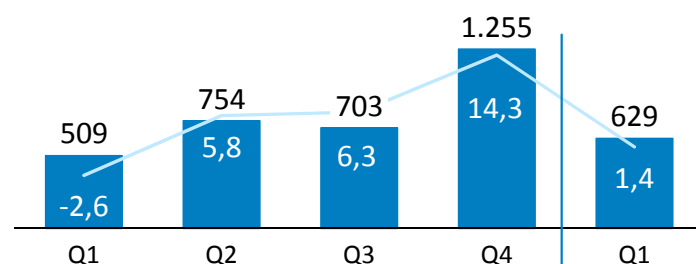
	absolut	Delta in %
Diesel	-25	-12.4%
Gazoline	-5	-1.9%
other LV	-3	-7.7%
<hr/>		
LV Business	-33	-6.7%
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Truck	+2	+1.9%
Large Bore	+2	+10.0%
Aftermarket	-7	-7.5%
other	+/-0	+/-0 %
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Non-LV Business	-4	-1.5%

3.1% (Net change for Non-LV Business)

Q1 2019 Highlights: Defence

Profit turnaround and improved operating FCF

Quarterly sales and margin development



Comments on quarterly performance

- Order intake of €564m despite absence of major single order
- Strong sales growth of 24% to €629m with easy comparables
- Favorable leverage and product mix drive Q1 to positive result
- Expected OFCF improvement due to better working capital

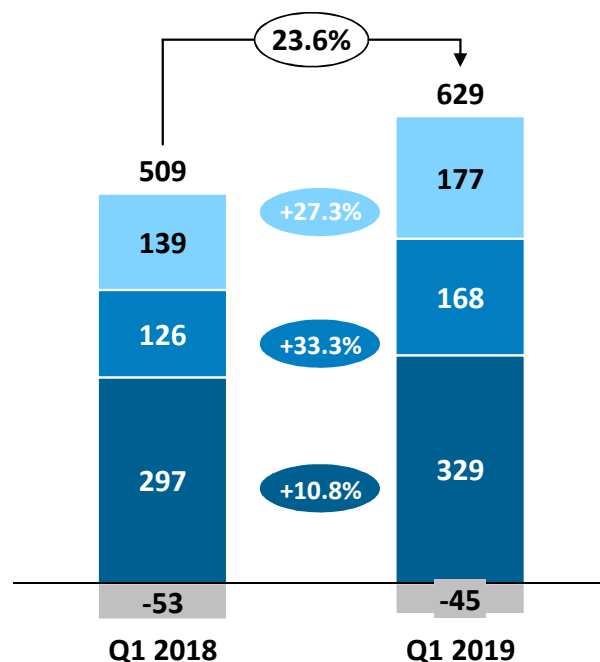
In €m	Q1 2018	Q1 2019	Δ
Order intake	857	564	-34.2%
Sales	509	629	23.6%
Operating result	-13	9	n.a.
Operating margin in %	-2.6%	1.4%	n.a.
Operating Free Cash Flow	-239	-93	61.1%
Operating FCF / Sales	-47.0%	-14.8%	3,217 bp

Q1

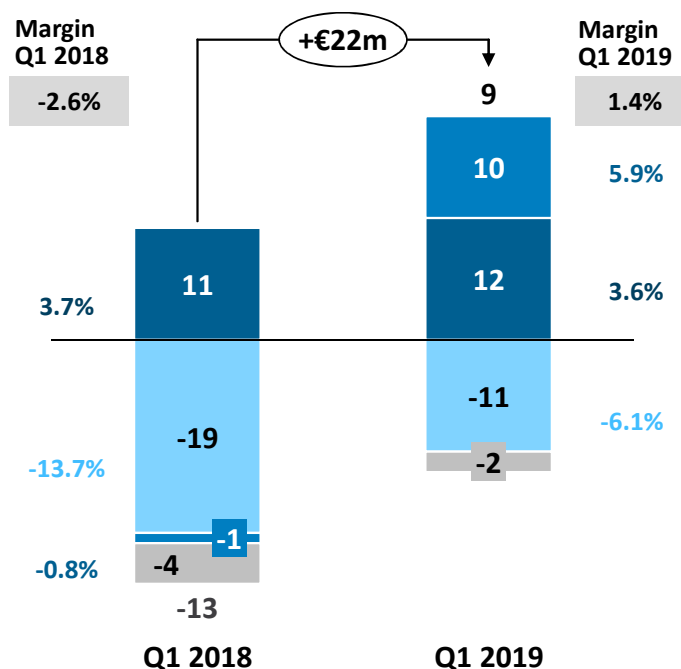
Q1 2019 Highlights: Defence

Strong sales increase drives considerable margin improvement

Sales Defence
in €m



Operating result Defence
in €m



Weapon and Ammunition

- Sales increased supported by higher German demand
- Solid leverage supported by favorable mix effects

Electronic Solutions

- Higher sales benefited also from German shipments
- Good leverage and benefit from cost optimization

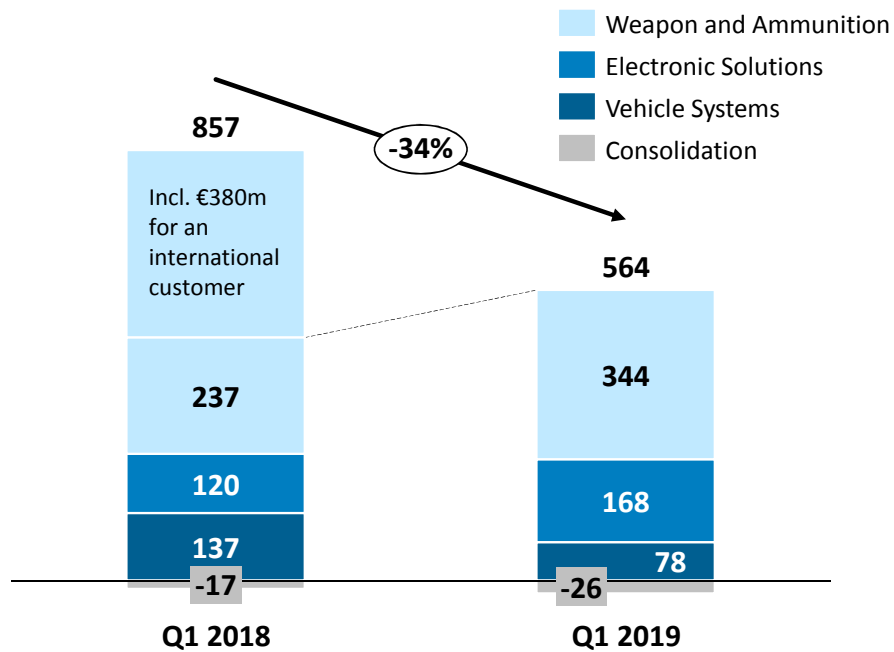
Vehicle Systems

- Increased sales, especially in logistic vehicles and stable margin

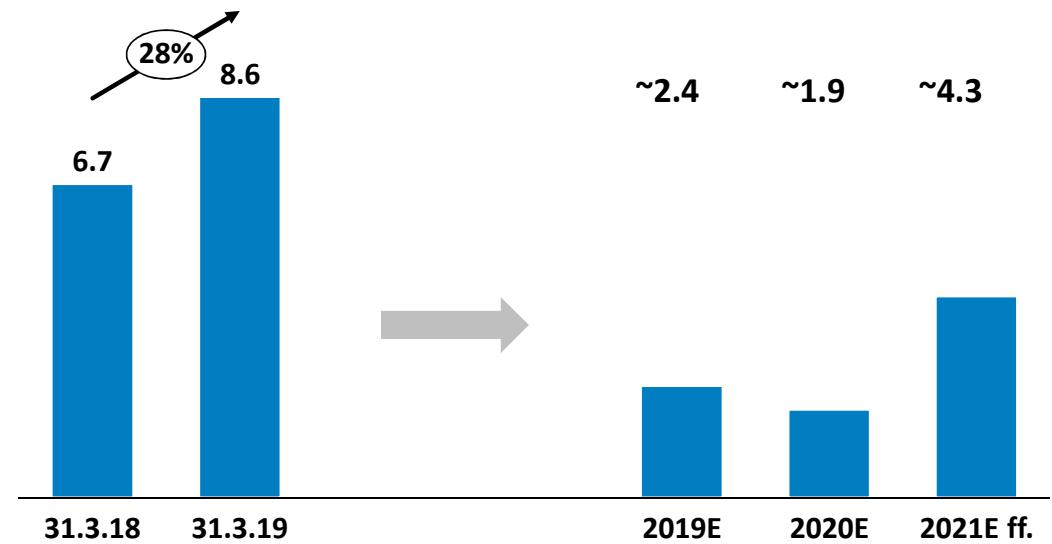
■ Weapon & Ammunition
 ■ Electronic Solutions
 ■ Vehicle Systems
 ■ Consolidation

Major orders expected for later in the year

Order intake by division
in €m



Order backlog profile
in €bn
change in %



Acquisition IBD Deisenroth

Strategic move to fully in-house technologies for active and passive protection



- Acquisition provides 100% access to cutting edge-technology
- Buy out of minority shareholdings in existing long-term cooperation (Chempro & RAP*) and integration of IBD Group (120 employees on 6 international sites)
- Leading protection technology
- Growing importance of active and passive protection for all kind of vehicles



*RAP= Rheinmetall Active Protection GmbH

FY 2019 Guidance

Guidance confirmed

	Sales		Operating margin	
	2018 Growth y/y in % at constant FX	2019e Growth y/y in % at constant FX	2018 in %	2019e in %
Group	6.1	4 – 6	8.0	around 8
Automotive 	4.2	0 – 1	8.9	around 8
Defence 	7.9	9 – 11	7.9	8.0 – 8.5

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

Next events and IR contacts

■ Next Events

UBS Conference, London	15 May
Commerzbank Conference, New York & Boston	15/16 May
RS Zurich/Lugano	21/22 May
DB Conference, Berlin	5/6 June
RS Mid-West, US & Can	12-14 June
RS Paris	1 July
Q2 2019 Earnings call	1 August
Capital Markets Day 2019, Unterlüß	19/20 November

■ Quick link to documents

Corporate Presentation



Interim Reports



Annual Reports



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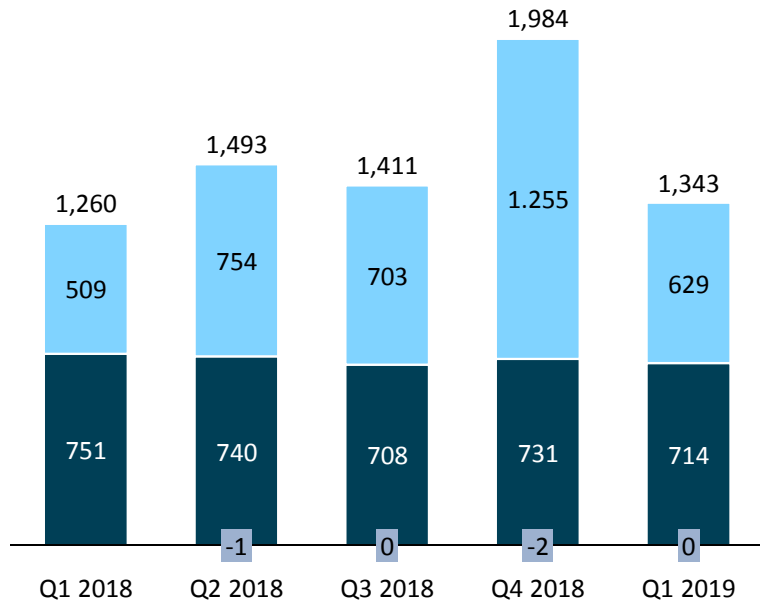
APPENDIX

Select key data: outlook 2019

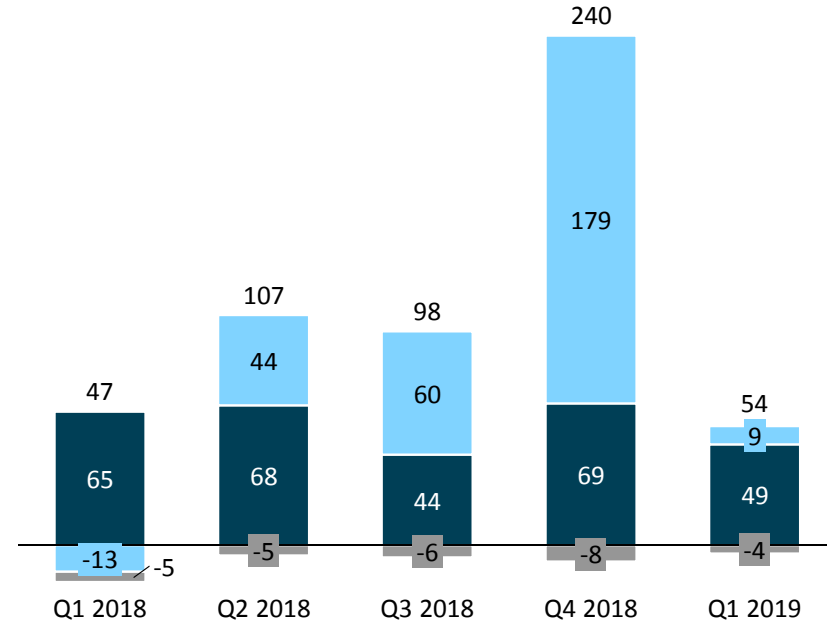
Rheinmetall Group		In %(PY)	Automotive 	Defence 
Holding cost	~€25-30m (PY: €24m)	Capex <small>(w/o IFRS 16)</small>	5.5-6% (5.5%)	3.5-4.5%(3.1%)
Tax rate	Comparable level (PY: 27%)	D&A	~5.5% (5.3% reported, scheduled 5.2%)	3-3.5% (4.8% reported, scheduled D&A 3.7%)
Interest result	~€40m (PY:-€33m)	R&D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

Quarterly development Group

Sales
in €m



Operational results
in €m



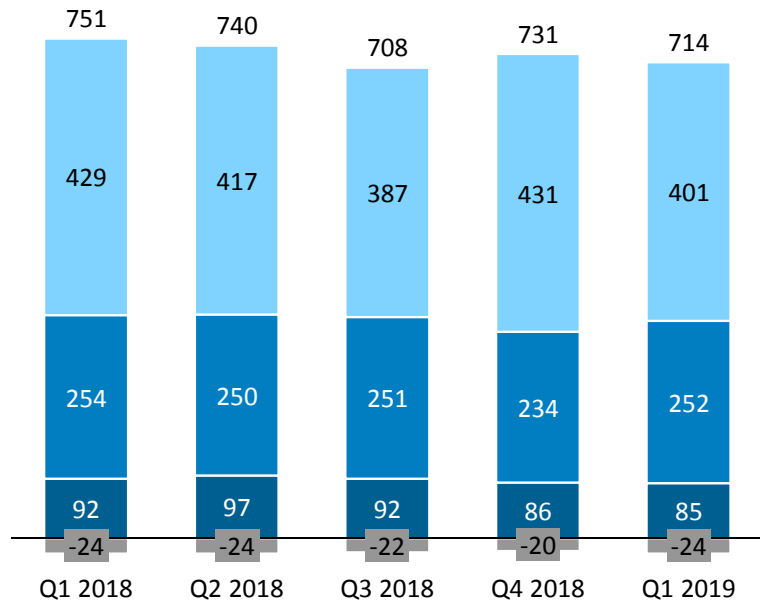
■ Defence ■ Automotive ■ Consolidation/Others

Free Cash Flow summary Group

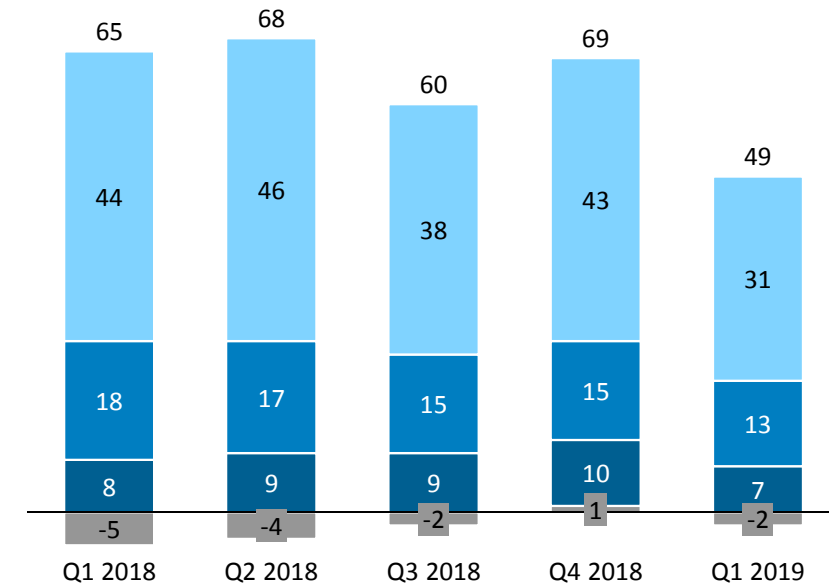
in €m	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Δ Q1 '18 / '19
Group Net Income	27	65	85	177	33	6
Amortization / depreciation	64	91	68	95	65	1
Change in pension accruals	-42	1	1	-8	-2	40
Cash Flow	49	157	154	265	96	47
Changes in working capital	-258	-197	-200	257	-125	133
Changes in other items	-31	-47	-3	98	-55	-24
Net cash used in operating activities	-240	-87	-49	618	-84	156
Cash outflow for additions to tangible and intangible assets	-47	-53	-67	-112	-44	3
Free Cash Flow from Operations	-287	-140	-116	506	-128	159

Quarterly development Automotive

Sales by division
in €m



Operational result by division
in €m



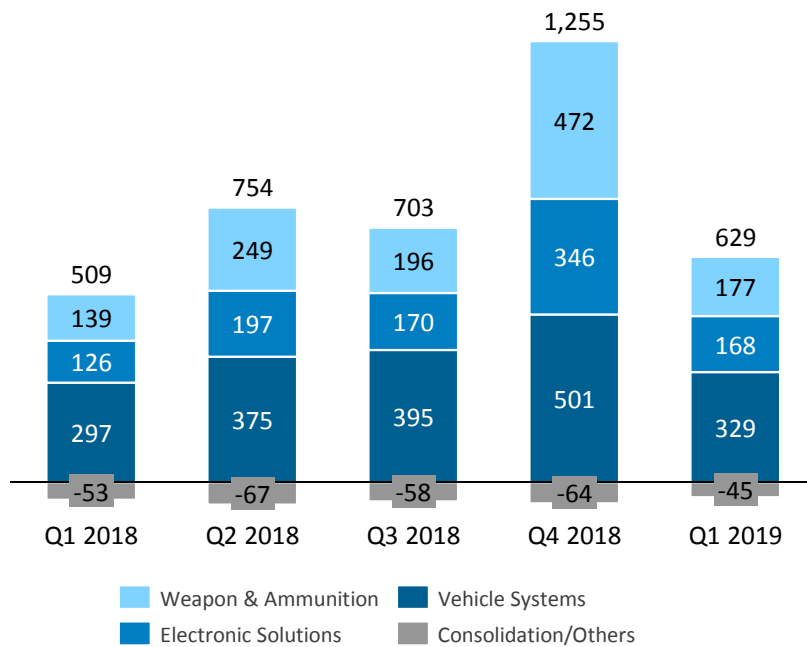
■ Mechatronics
 ■ Hardparts
 ■ Aftermarket
 ■ Consolidation/Others

Free Cash flow summary Automotive

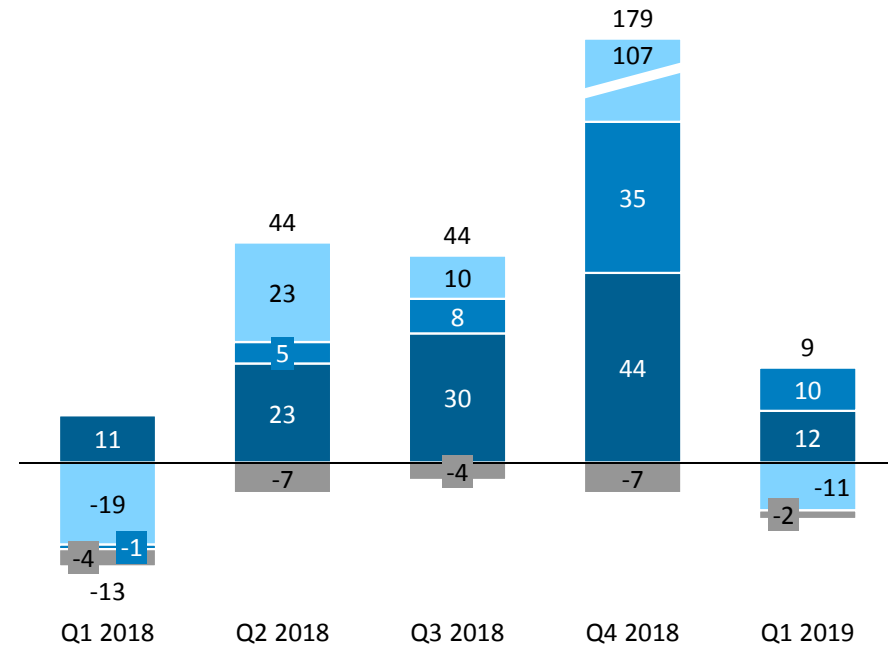
in €m	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Δ Q1 '18 /'19
Net income	45	52	42	56	34	-11
Amortization / depreciation	36	38	39	42	38	2
Change in pension accruals	-20	-1	-	-6	-1	19
Cash Flow	61	89	81	92	71	10
Changes in working capital and other items	-62	4	-58	46	-88	-26
Changes in other items	-20	-26	20	-16	-30	-10
Net cash used in operating activities	-21	67	43	122	-47	-26
Cash outflow for additions to tangible and intangible assets	-29	-31	-45	-80	-29	-
Free cash flow from operations	-50	36	-2	42	-76	-26

Quarterly development Defence

Sales by division
in €m



Operational result by division
in €m



Free Cash flow summary Defence

in €m	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Δ Q1 '18 /'19
Net income	-21	23	27	131	1	22
Amortization / depreciation	26	52	27	51	25	-1
Change in pension accruals	-2	2	2	-1	-1	1
Cash Flow	3	77	56	181	25	22
Changes in working capital and other items	-200	-202	-136	214	-44	156
Changes in other items	-25	-26	4	112	-60	-35
Net cash used in operating activities	-222	-151	-76	507	-79	143
Cash outflow for additions to tangible and intangible assets	-17	-20	-22	-28	-14	3
Free cash flow from operations	-239	-171	-98	479	-93	146

In €m		Income Statement Group					
	Q1 2018	Q1 2019	Δ		Q1 2018	Q1 2019	Δ
Sales	1,260	1,343	83				
	120	90	-30				
Total operating performance	1,380	1,433	53	Earnings before interets and taxes (47	55	8
				Net interest income	1	1	0
Other operating income	33	36	3	Interest expenses	-11	11	0
Cost of materials	731	764	33	Earnings before taxes (EBT)	37	45	8
Personnel expenses	395	421	26	Income taxes	-10	12	-2
Amortization, depreciation and impairment	64	65	1	Earnings after taxes	27	33	6
Other operating expenses	179	165	-14	Of which:	0	0	0
Income from investments carried at equity	7	5	-2	Minority interests	3	1	-2
Other net financial income	-4	-4	0	Rheinmetall AG shareholders	24	32	8
Earnings before interets and taxes (EBIT)	47	55	8	EBITDA	111	120	9

In €m		Cash Flow Statement Group					
	Q1 2018	Q1 2019	Δ		Q1 2018	Q1 2019	Δ
Net income	27	33	6	Dividends paid out by Rheinmetall AG	0	0	0
Amortization, depreciation and impairments	64	65	1	Other profit distributions	-2	-1	1
Allocation of CTA assets to secure pension and partial retirement obligations	-40	0	40	Sale of treasury shares	0	0	0
Changes in pension provisions	-2	-2	0	Capital payment to/capital contributions by non-controlling interests	0	0	0
Income from disposition of non-current assets	0	-1	0	Increase in shares in consolidated subsidiaries	0	0	0
Changes in other provisions	55	27	-28	Borrowing of financial debts	54	31	-23
Changes in inventories	-258	-125	133	Repayment of financial debts	-30	-43	-13
Changes in receivables, liabilities (without financial debts) and prepaid & deferred items	-79	-84	-5	Cash flows from financing activities	22	-13	-35
Pro rata income from investments carried at equity	-7	-5	2	Changes in financial resources	-314	-314	0
Dividends received from investments carried at equity	1	5	4	Changes in cash and cash equivalents due to exchange rates	-3	2	5
Other non-cash expenses and income	-1	3	4	Total change in financial resources	-317	-312	5
Cash flows from operating activities 1)	-240	-84	156	Opening cash and cash equivalents January 1	757	724	-33
Investments in property, plant and equipment, intangible assets and investment property	-47	-44	3	Closing cash and cash equivalents	440	412	-28
Cash receipts from the disposal of property, plant and equipment, intangible assets and investmen	1	1	0				
Payments for the purchase of current liquid financial assets	-110	-225	-115				
Cash receipts from the disposal of of current liquid financial assets	60	55	-5				
Investments in consolidated companies and other financial assets	0	-4	-4				
Cash receipts from disposal of financial assets	0	0	0				
Cash flows from investing activities	-96	-217	-121				

In €m

Balance Sheet Group

	31.12.2018	31.03.2019	Δ		31.12.2018	31.03.2019	Δ
Non-current assets	2,951	3,003	52	Equity	2,172	2,194	22
Goodwill	550	551	1	Share capital	112	112	0
Other intangible assets	172	170	-2	Additional paid-in capital	547	547	0
Usage rights			0	Retained earnings	1,383	1,402	19
Property, plant and equipment	1,310	1,309	-1	Treasury shares	-21	-21	0
Investment property	42	42	0	Rheinmetall AG shareholders' equity	2,021	2,040	
Investments carried at equity	285	294	9	Minority interests	151	154	3
Other non-current financial assets	205	202	-3	Non-current liabilities	1,981	2,058	77
Deferred taxes	217	265	48	Provisions for pensions and similar obligations	972	1,029	57
Current assets	3,808	3,828	20	Other non-current provisions	210	209	-1
Inventories	1,259	1,389	130	Non-current financial debts	704	703	-1
Contractual assets	338	396	58	Other non-current liabilities	80	75	-5
Trade receivables	1,185	1,098	-87	Deferred taxes	15	42	-27
Liquid financial assets	100	270	170	Current liabilities	2,606	2,579	-1
Other current financial assets	178	222	44	Other current provisions	656	683	67
Income tax receivables	22	39	17	Current Financial debts	151	150	-92
Cash and cash equivalents	724	412	-312	Contractual liabilities	650	717	
Assets for disposal	2	2		Trade liabilities	797	705	-44
				Other current liabilities	231	187	16
				Income tax liabilities	121	137	16
Total assets	6,759	6,831	72	Total Liabilities	6,759	6,831	72

Glossary

bn	billions	LBP	Large bore piston
bp	basis points	LV	Light vehicle
CAGR	compounded average growth rate	m	million
CER	Constant Exchange Rates	NWC	Net working capital
CP	Commercial Paper	OEM	Original Equipment Manufacturer
CTA	Contractual trust agreement	Operating FCF	Operating free cash flow
D&A	Depreciation & Amortization	Op. margin	Operating margin
e	expected	P&L	Profit & Loss Account
EA	Export approval	PY	Previous Year
EBIT	Earnings before Interest and Tax	rep	reported
EBITDA	Earnings before Interest, Tax , Depreciation and Amortization	ROCE	Return on capital employed
EBT	Earnings before Tax	RoW	Rest of the World
EIB	European Investment Bank	SOP	Start of production
EPS	Earnings per share	USMCA	USA, Mexico, Canada
EPL	Einzelplan	WACC	Weighted average cost of capital
EV	Electric Vehicle	WLTP	Worldwide Harmonized Light-Duty Vehicles Test Procedure
FTE	Full Time Equivalents	WFoE	Wholly foreign owned enterprise
FX	Foreign exchange rate		
GDP	Gross Domestic Product		
HEV	Hybrid and Electric Vehicles		
IFRS	International Financial Reporting Standards		
JV	Joint Venture		

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