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Interim report after nine months of 2022:

Rheinmetall increases sales and continues to improve operating result and margin

- Consolidated sales increased by around 6.5% to €4.1 billion
- Operating result improved by around 9.0% to €323 million
- Operating margin of 7.9% exceeds previous year's level of 7.7%
- Significant growth in orders intake within the Group
- Annual forecasts for 2022 confirmed

The Düsseldorf-based Rheinmetall Group is entering the final quarter of fiscal 2022 with sales growth, increased profitability and a further improvement in the operating result. Overall, Rheinmetall is seeing an increase in orders and confirms the current annual forecasts for the expected sales growth and operating margin for the Group.

Armin Papperger, Chief Executive Officer of Rheinmetall AG, says of the company's performance: "After nine months, we are still on track to achieve our annual forecasts. We are growing in all divisions and increasing profitability throughout the Group. The operating result has set a new record after three quarters. And we also expect a particularly strong final quarter this year – especially in the military business, where we are benefiting now and in the next few months from substantial orders as a result of increased defence budgets. With our civilian products, we are seeing growing numbers of orders for components and systems for drive electrification. This shows that we are well on the way to mastering the transformation of the industry to full electric mobility."

Rheinmetall Group: Sales growth of 6.5%

Consolidated sales increased by €249 million or 6.5% year-on-year to €4,089 million in the first three quarters of 2022 (previous year: €3,841 million).

The operating result increased to €323 million and was thus €27 million or around 9.0% above the previous year's figure of €297 million. This improvement is based on sales growth in the high-margin Weapon and Ammunition division and the margin improvement in the Vehicle Systems division. Strict cost management also had a positive effect. The result in Others was negatively affected by the costs of the IT transformation. The operating margin rose to 7.9% (previous year: 7.7%).

As a result of special items, earnings per share from continuing operations decreased year-on-year from €4.16 to €3.93 in the first three quarters of fiscal 2022.

Adjusted for these special items, earnings per share from continuing operations amounted to €4.26 as at September 30, 2022 (previous year: €4.00). The largest negative special item was attributable to the market valuation of securities held for trade as a result of the currently highly volatile capital market situation.



► Key facts

- ▷ Consolidated sales above the previous year's level at €4.1 billion
- ▷ Consolidated operating result improves 9% to €323 million
- ▷ Operating margin further increases from 7.7% to 7.9%
- ▷ Annual forecasts for fiscal 2022 confirmed

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Vehicle Systems: Further improvement in operating margin

At €1,320 million, sales in the Vehicle Systems division in the first three quarters of 2022 were €16 million or 1.2% higher than the previous year's figure. The order intake decreased by €1,614 million as against the prior-year figure to €842 million. The previous year's figure was above average due primarily to large single orders (Challenger 2 for Great Britain, Puma modernization and armored engineering vehicle for the German armed forces). Contrary to initial expectations, no major orders from Germany in particular have yet been received in the third quarter of 2022. At around €10.0 billion, the order backlog as at September 30, 2022, was down €486 million or 4.6% year-on-year.

The operating result improved from €104 million to €120 million in the first three quarters of 2022. The operating margin of 9.1% exceeded the previous year's level of 8.0%. This positive development was attributable to a better product mix and strict cost management.

Weapon and Ammunition: New order intake record

The Weapon and Ammunition division generated sales of €849 million in the first three quarters of 2022, up €149 million or 21.4% on the figure for the previous year. The high increase in sales mainly resulted from munitions and propellant deliveries to international customers. In the first three quarters of 2022, the order intake increased to a record level of €2,002 million (previous year: €752 million). A munitions order from Hungary and an order for propellants from the Netherlands particularly contributed to this increase. The order backlog increased by €1.3 billion or 47.2% to €4.0 billion as at September 30, 2022 (previous year: €2.7 billion).

The operating result improved by €35 million or 47.7% to €107 million in the first three quarters of 2022. This positive development was attributable to the sales increase, a profitable product mix and higher income from investments. The operating margin was significantly increased from 10.4% to 12.6%.

Electronic Solutions: Order backlog climbs to €2.7 billion

The Electronic Solutions division increased its sales in the first three quarters of 2022 by €84 million to €642 million (previous year: €558 million); this equates to growth of 15.1%. The order intake increased by €150 million or 21.6% year-on-year to €845 million. Major new orders in the first nine months of 2022 related to combat helmets for the German armed forces and numerous smaller projects. On September 30, 2022, the order backlog amounted to €2.7 billion, up 9.1% on the previous year's figure (previous year: €2.4 billion).

As a result of the sales growth, the operating result rose by €2 million to €50 million in the first three quarters of 2022 (previous year: €48 million). The operating margin decreased to 7.7% (previous year: 8.6%), which is primarily attributable to the acquisition of the activities of the drone manufacturer EMT and the resulting start-up losses.

Sensors and Actuators: Booked business increased by around 40%

Sales in the Sensors and Actuators division climbed by €38 million or 3.8% year-on-year to €1,045 million in the first three quarters of 2022. The sales growth resulted primarily from currency effects and increased call-offs in Europe and Asia. In the first nine months of fiscal 2022, booked business increased by 40.7% to a volume of €2,083 million (previous year: €1,480 million). A major order for electrification components of €255 million made a particular contribution to this in the third quarter of 2022.

The operating result fell by €8 million to €66 million in the first three quarters of 2022 (previous year: €74 million). The decline is particularly attributable to increased raw material prices, which can only be passed on to customers after a delay. The operating margin fell to 6.3% (previous year: 7.4%).

Materials and Trade: Significant sales growth

The Materials and Trade division increased its sales to €562 million in the first three quarters of 2022, thus exceeding the previous year's level by €77 million or 15.8%. This sales growth was particularly attributable to strong growth in aftermarket activities. Booked business of €584 million was generated in the first nine months of fiscal 2022. This represents an increase of 13.4% compared to the same period of the previous year (€515 million).

The operating result of the Materials and Trade division increased by €7 million or 18.9% to €45 million in the first three quarters of 2022. The operating margin rose to 8.1% (previous year: 7.9%). The increased sales and the improvement in the earnings of the Chinese joint venture accounted for using the equity method had a positive effect.

Outlook: Current annual forecasts confirmed

Despite the known macroeconomic uncertainty with regard to economic development in Germany and in the international market environment, Rheinmetall is confirming the current annual forecasts after nine months of fiscal 2022.

In recent months, Rheinmetall has used strict cost control, active provisioning, and the mitigation of risks on the energy and procurement markets as measures to successfully counter the general trend of inflation and the continuing disruptions on the markets for raw materials and primary products.

Not least in light of these timely decisions and largely already implemented measures, the Group continues to expect organic sales growth of around 15% in the current fiscal year and anticipates an improvement in the operating result and an operating margin of over 11%.

Forward-looking statements and projections

This publication includes forward-looking statements. These statements are based on Rheinmetall AG's current estimates and projections and information available at this stage. Forward-looking statements are not a guarantee of future performance. They depend on a number of factors, include various risks and uncertainties and are based on assumptions that may prove to be incorrect. Rheinmetall is under no obligation to update the forward-looking statements in this publication.