



RHEINMETALL AG

THE TECHNOLOGY GROUP FOR SECURITY AND MOBILITY

Capital Markets Day 2014 | Düsseldorf | November 26, 2014

Horst Binnig, CEO Automotive

The background of the slide features a photograph of a building facade with a grid pattern. Several white banners with the 'KSPG Automotive' logo are visible. The logo consists of 'KSPG' in a large, bold, blue font, with 'Automotive' in a smaller, grey font below it. Three dark blue arrow-shaped callouts point to the right, each containing white text. The top callout is the largest, the middle one is smaller, and the bottom one is the smallest.

Data, facts and figures

Internationalization

Innovations and new products



2014 - the best year in KSPG history.
We will outperform the market.

Markets – we are well positioned.
Focus today: China.

Products and innovations –
The main drivers of our business.



Outlook 2014: Outstanding year for Automotive

Figures 2013 and 2014e (Continuing operations, i.e. excluding ATAG JV) in EUR million



* After impairment of EUR 10 million

The background of the slide is a photograph of a modern building with a glass facade. In the foreground, several white banners with the KSPG Automotive logo are visible. The logo consists of the letters 'KSPG' in a large, bold, blue font, with the word 'Automotive' in a smaller, blue font underneath. The banners are slightly out of focus, creating a sense of depth. The sky is a clear, bright blue.

Data, facts and figures

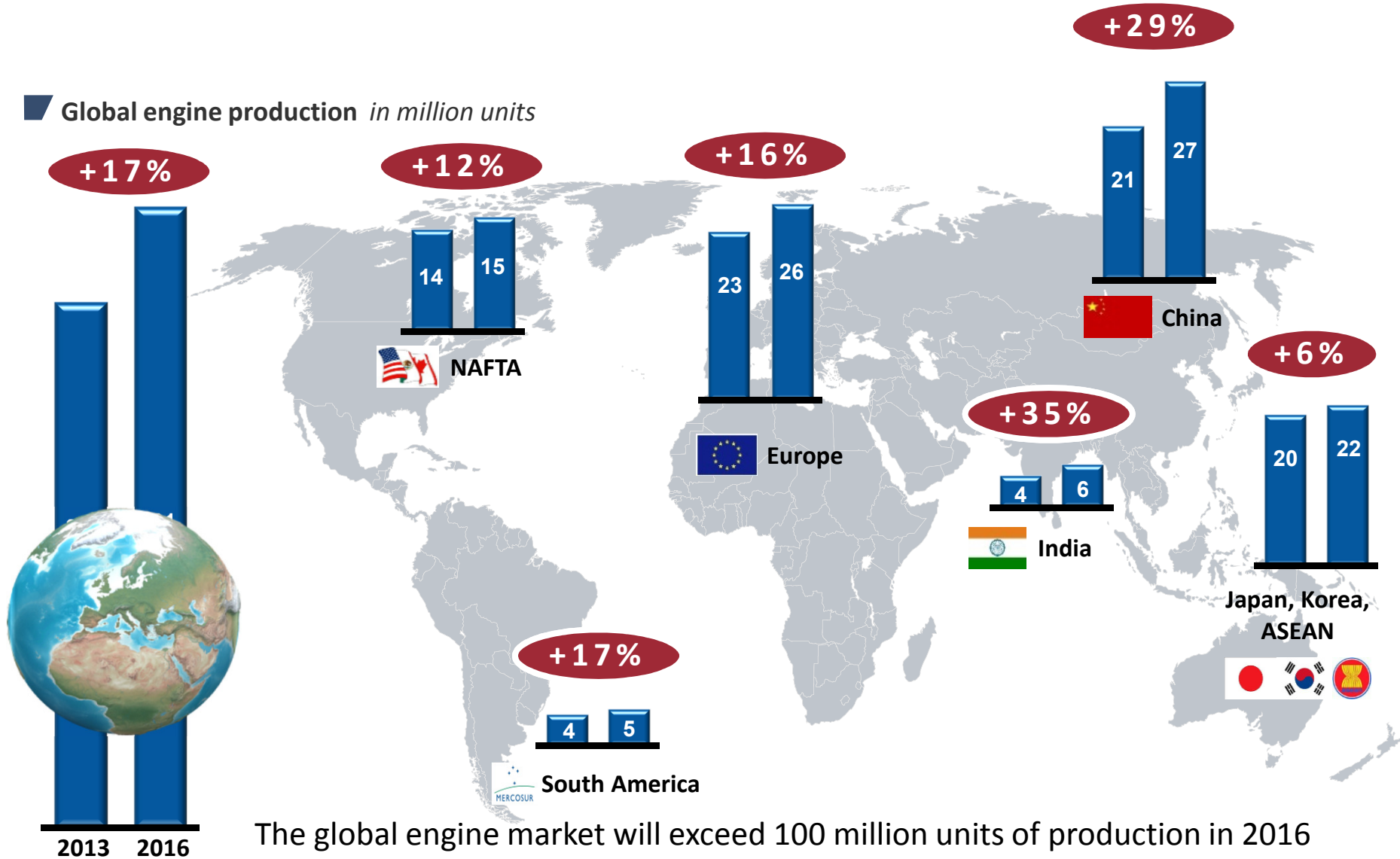
Internationalization (focus on China)

Innovations and new products



Situation analysis – markets

Global engine production *in million units*



The global engine market will exceed 100 million units of production in 2016

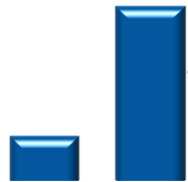
Source: IHS, PAS+LCV



Situation analysis – global presence

Global engine production *in million units*

+17%



Market will not limit our future growth

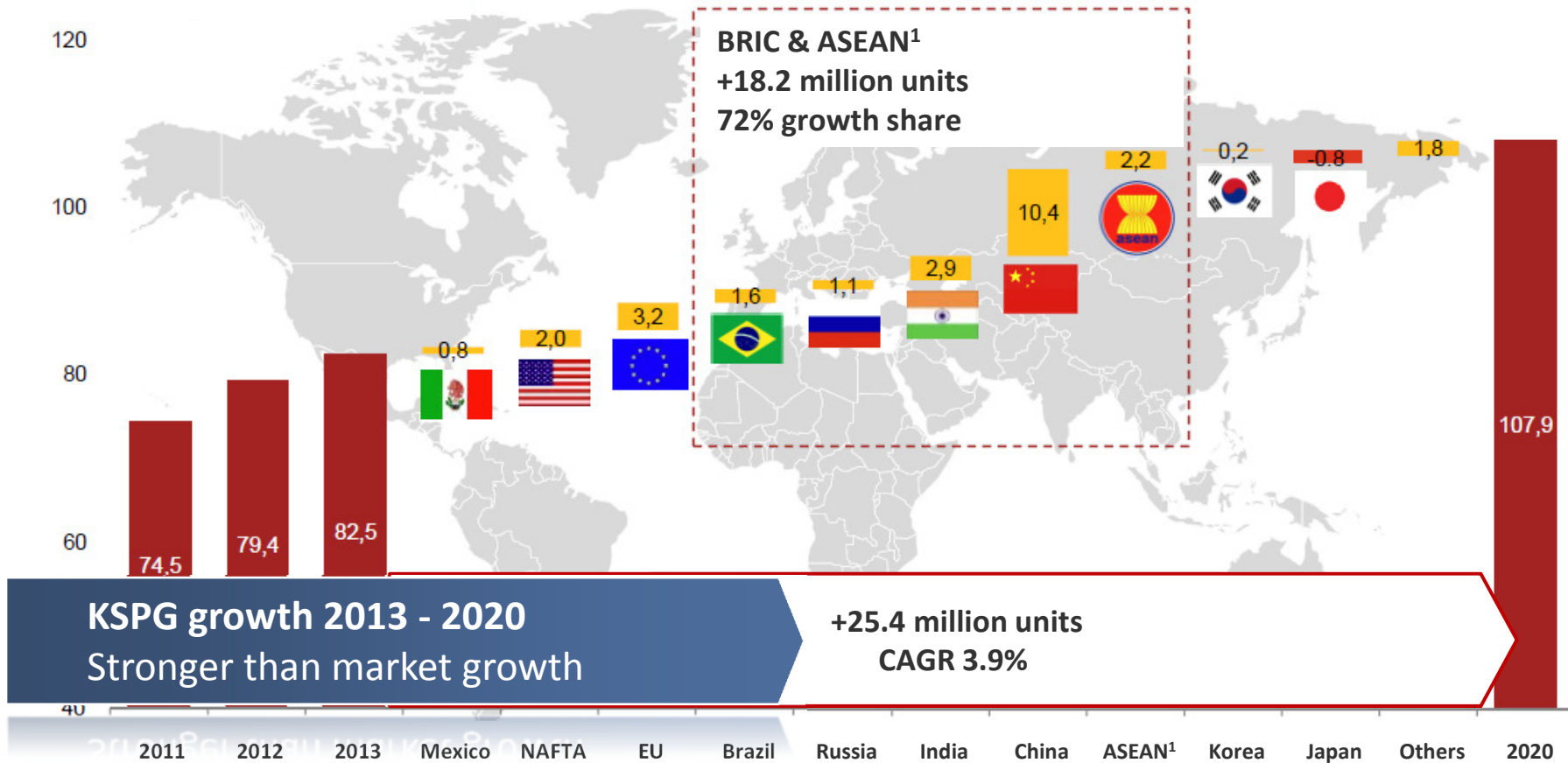


KSPG is present in all mobility markets



Shift of global production of passenger cars

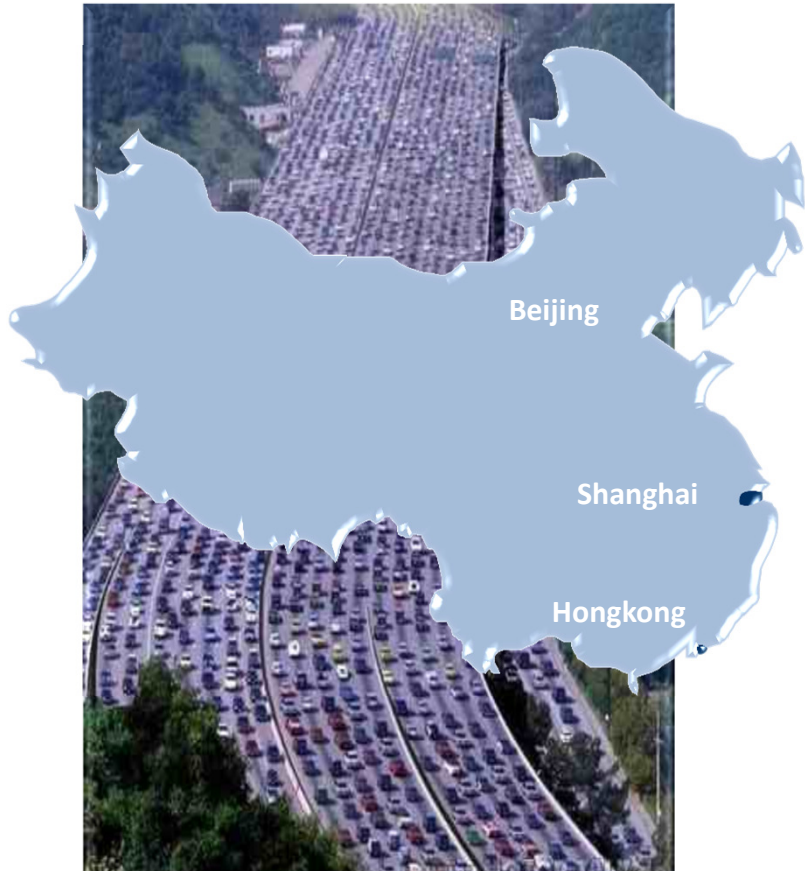
Global LV production 2011-20 in million units



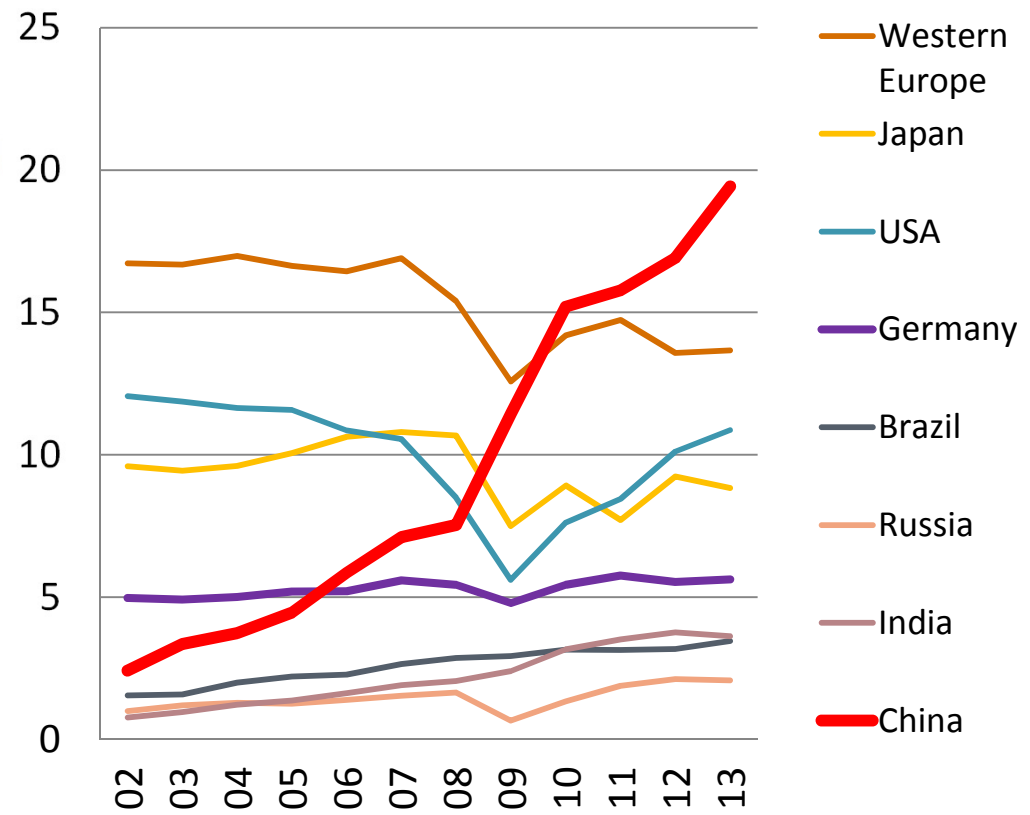
¹ ASEAN: Indonesia, Malaysia, Philippines, Thailand, Vietnam; Source: Autofacts 2014 Q2 data publication



Global car production



Light vehicle production in million units



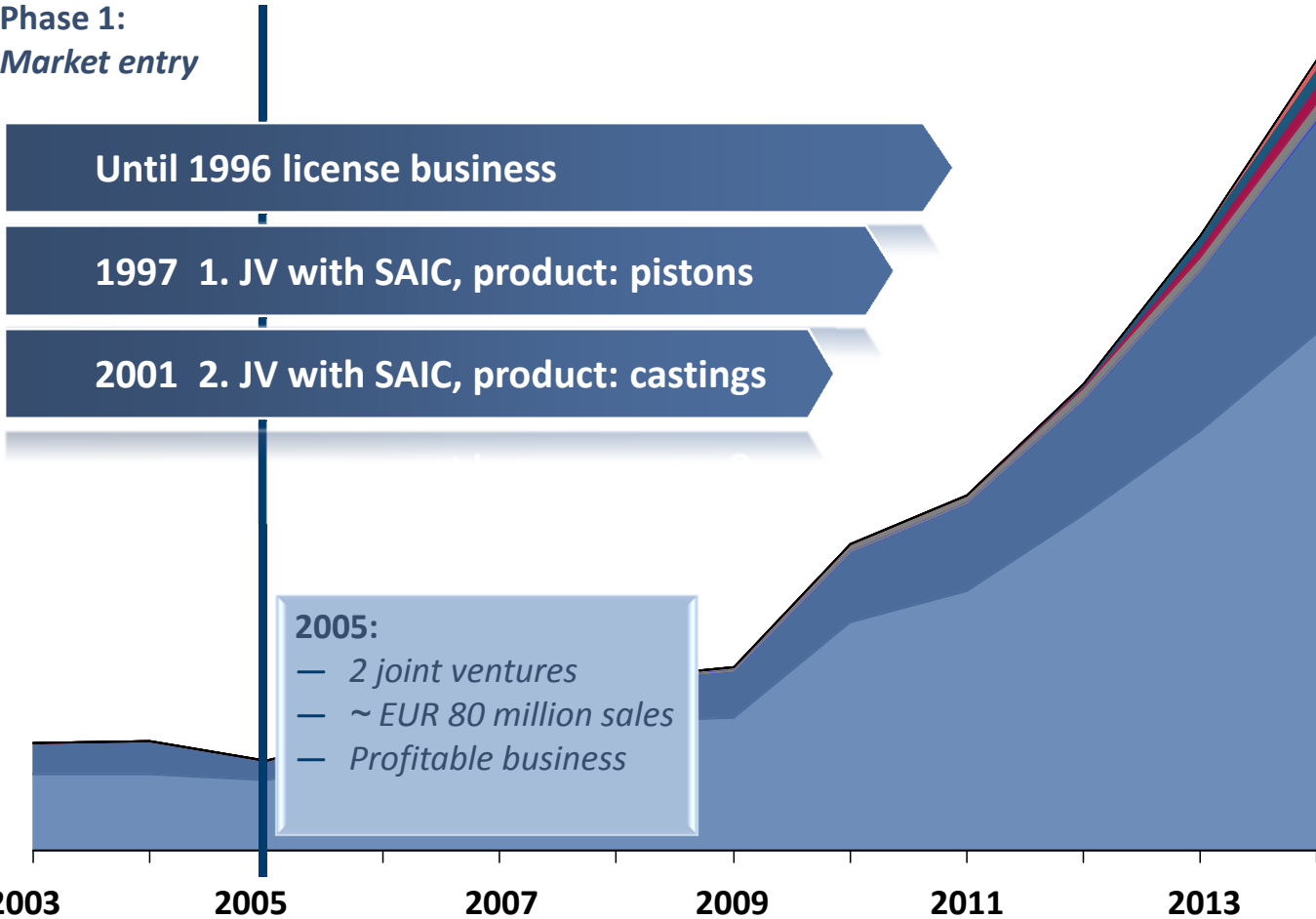
Since 2012 China has been the biggest car market in the world



The KSPG – China Story (1/3)

Sales joint ventures (100%) and Wholly Foreign-owned Enterprises in EUR million

Phase 1:
Market entry



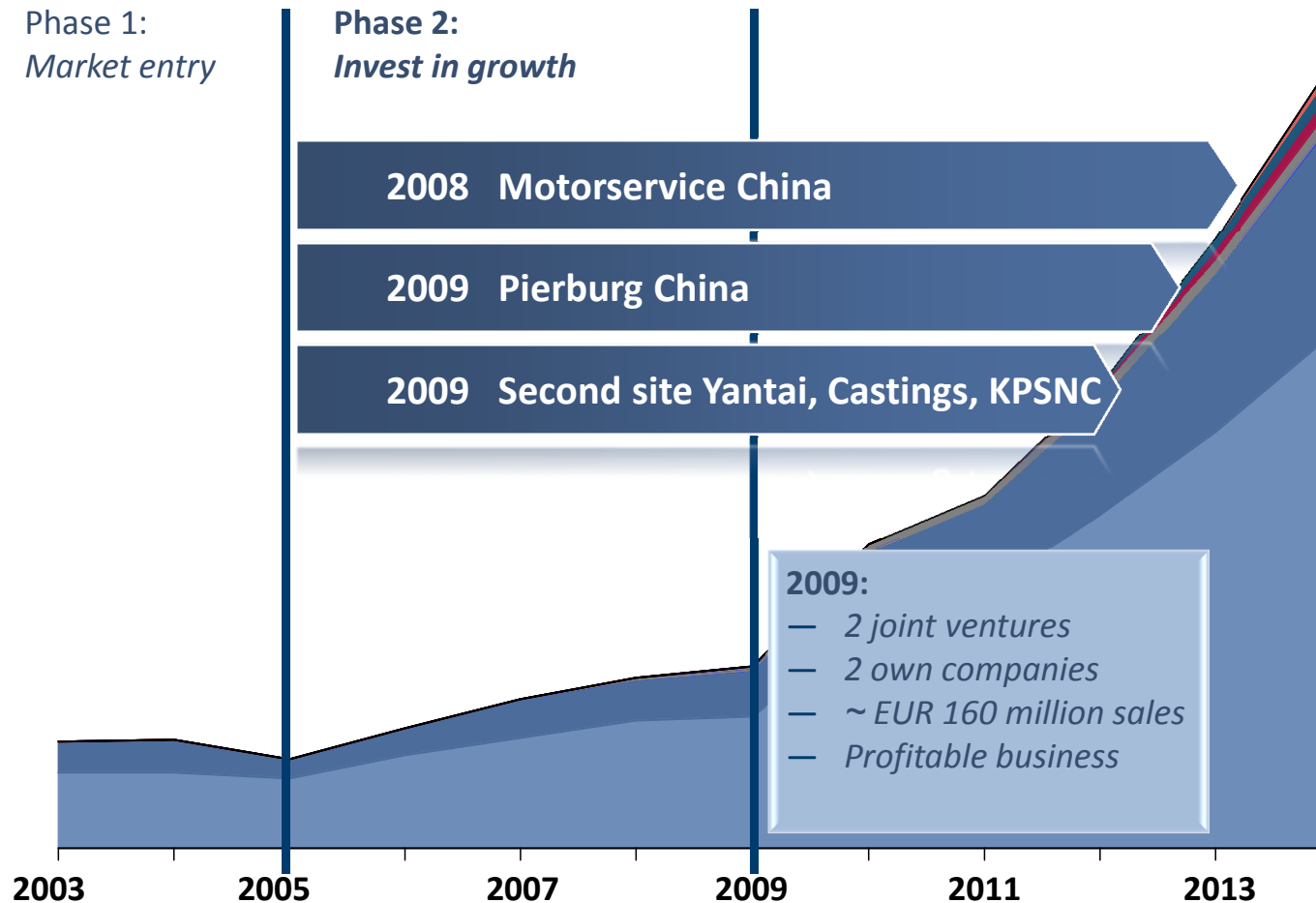


The KSPG – China Story (2/3)

■ Sales joint ventures (100%) and Wholly Foreign-owned Enterprises *in EUR million*

Phase 1:
Market entry

Phase 2:
Invest in growth





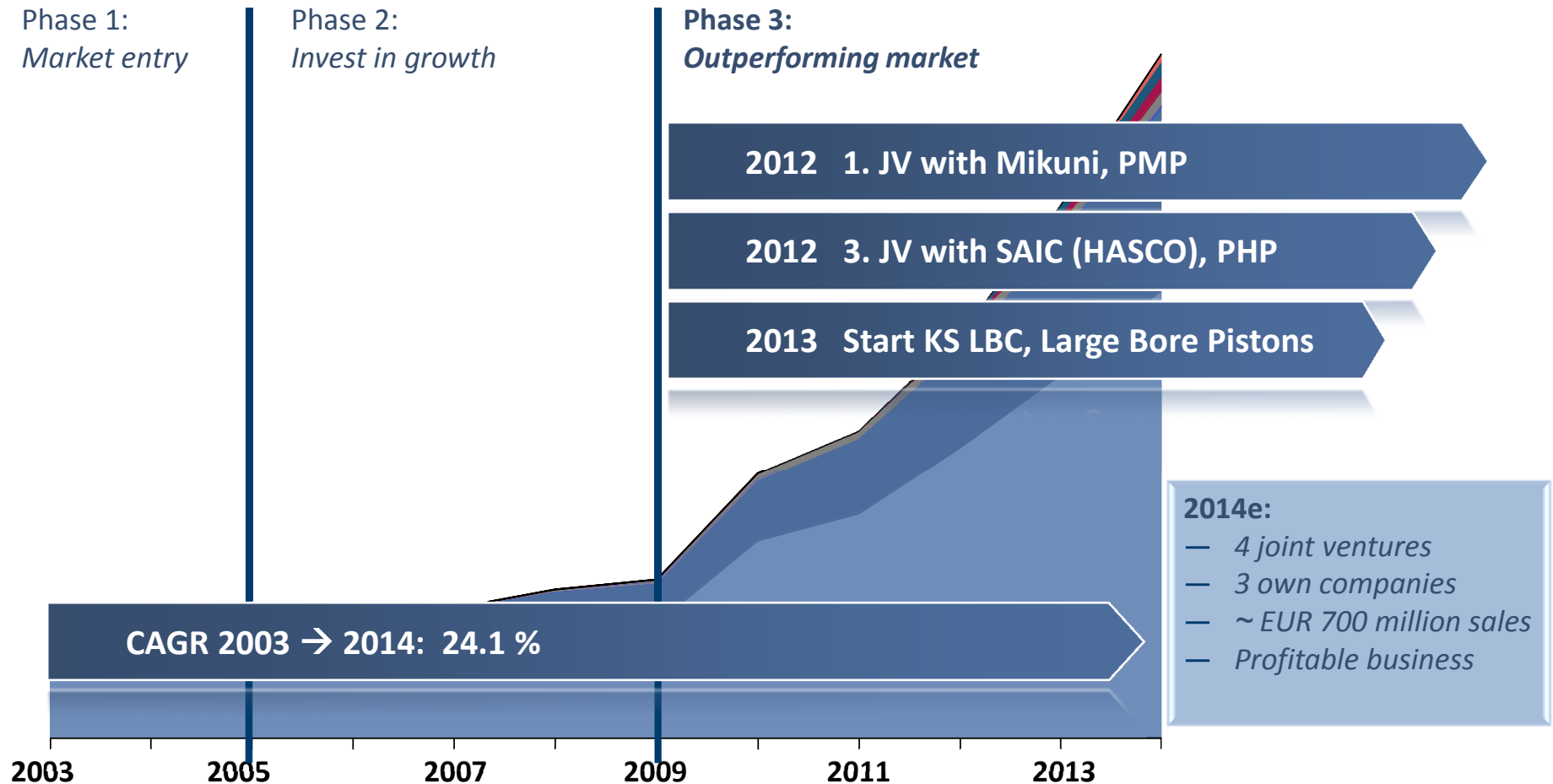
The KSPG – China Story (3/3)

■ Sales joint ventures (100%) and Wholly Foreign-owned Enterprises *in EUR million*

Phase 1:
Market entry

Phase 2:
Invest in growth

Phase 3:
Outperforming market








Automotive network in China today - sites and products


Joint Ventures (50 : 50)

 <p>KPSNC Shanghai Loutang (Head office) Cylinder heads, Engine blocks, Structural body parts</p>	 <p>KPSNC Kunshan Cylinder heads, Engine blocks</p>	 <p>KPSNC Yantai Fushan Cylinder heads</p>	 <p>KPSNC Shanghai Waigang Machining of engine blocks/cylinder heads</p>	 <p>KSSP Shanghai Anting Pistons</p>	 <p>PHP Shanghai Yuepuzhen Electric & mechanical pumps SOP 2014</p>
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Wholly Foreign-owned Enterprises (100%-Subsidiary)

 <p>Pierburg China Kunshan AGR modules, Electric throttle bodies</p>	 <p>KS Large-bore pistons Kunshan Large-bore pistons</p>	 <p>MS Motor Service Asia Pacific Shanghai Waigaoqiao, Kunshan in free-trade area</p>
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Subsidiaries of a JV

 <p>Pierburg Mikuni Pump Technology Shanghai Zhangjiang Water- & oil pumps</p>
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KSPG House

 <p>Head office for all wholly owned subsidiaries Shanghai Zhangjiang</p>



Data, facts and figures

Internationalization

Innovations and new products

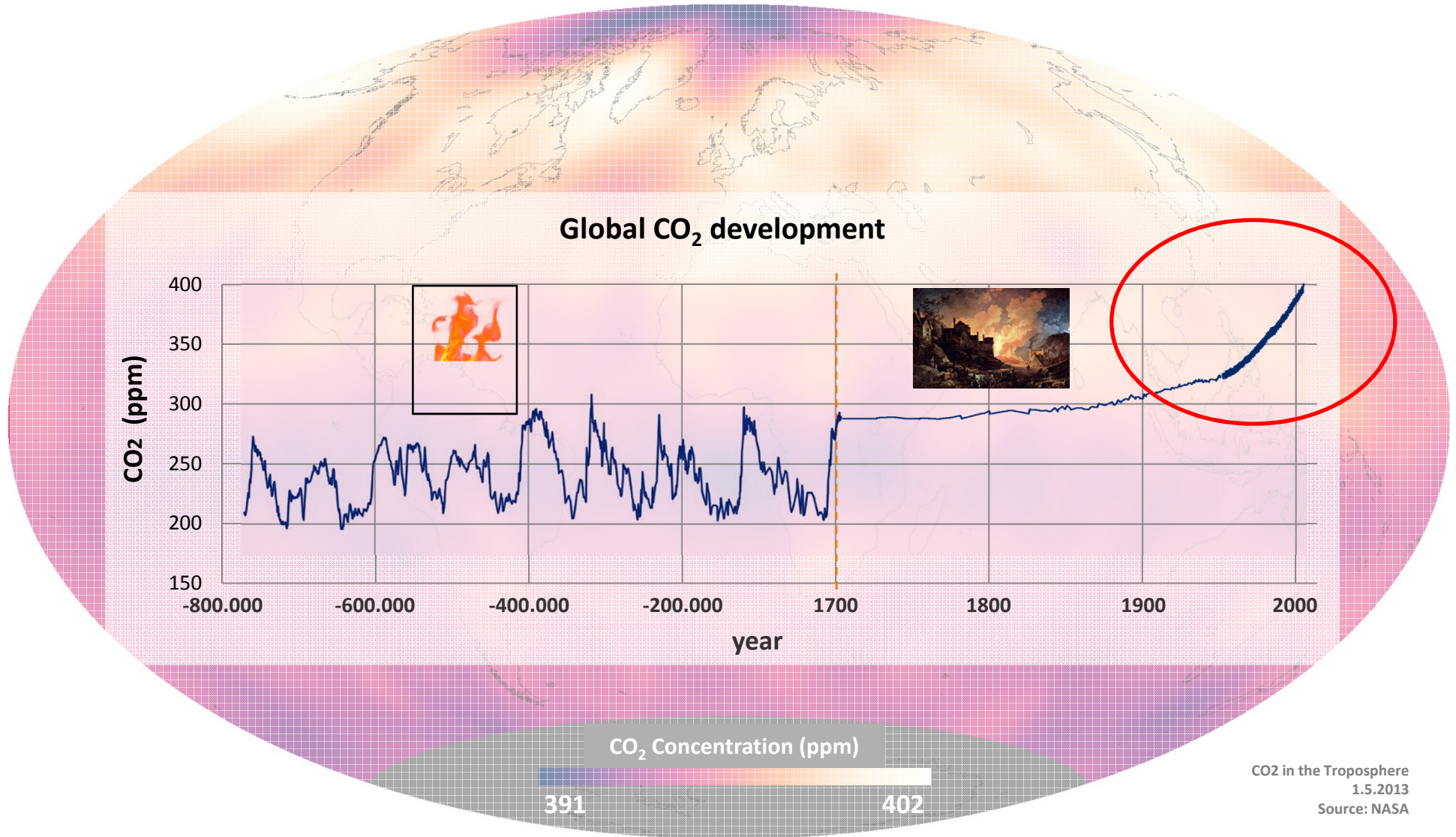
KSPG
Automotive

KSPG
Automotive

KSPG
Automotive

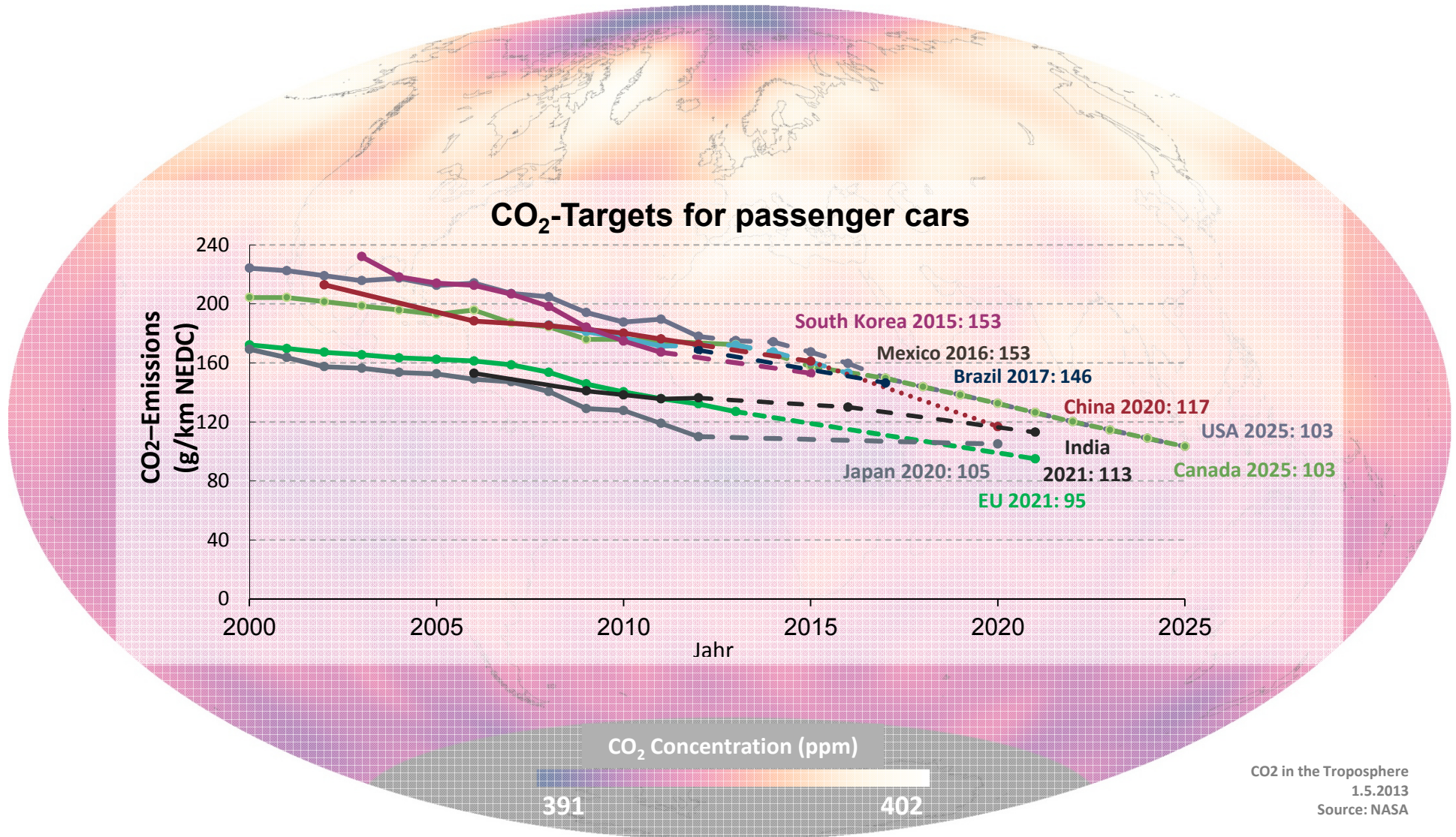


Historic CO₂ development



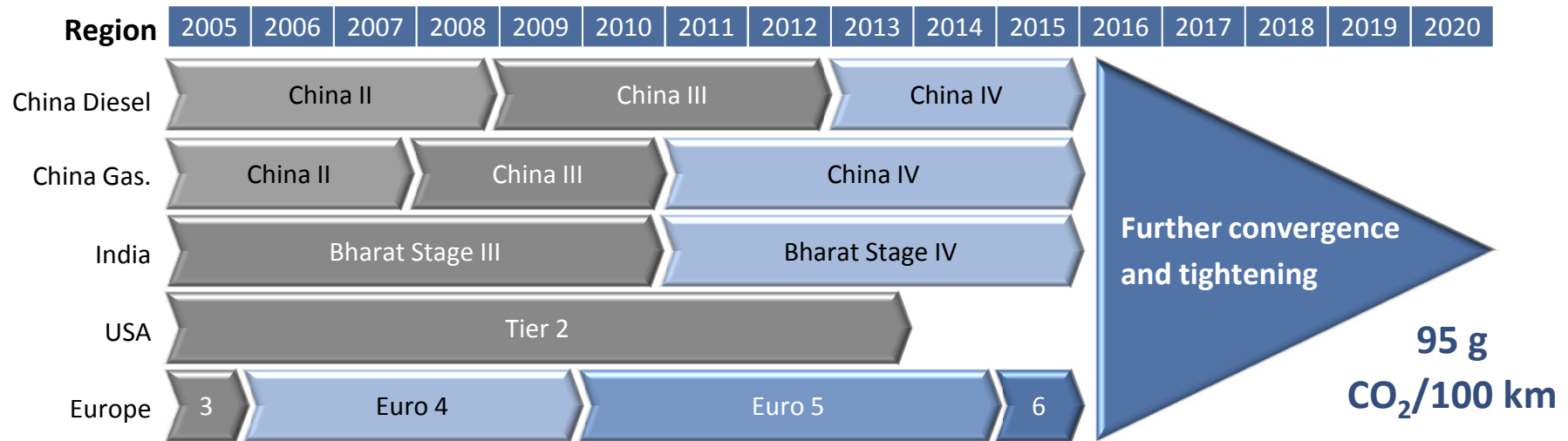


Worldwide legislation on climate protection





Permanently tightening and globally converging emission legislation



Key trends:

China is generally following the European Union

India is generally following the European Union

USA are independent (using Federal and Californian systems)



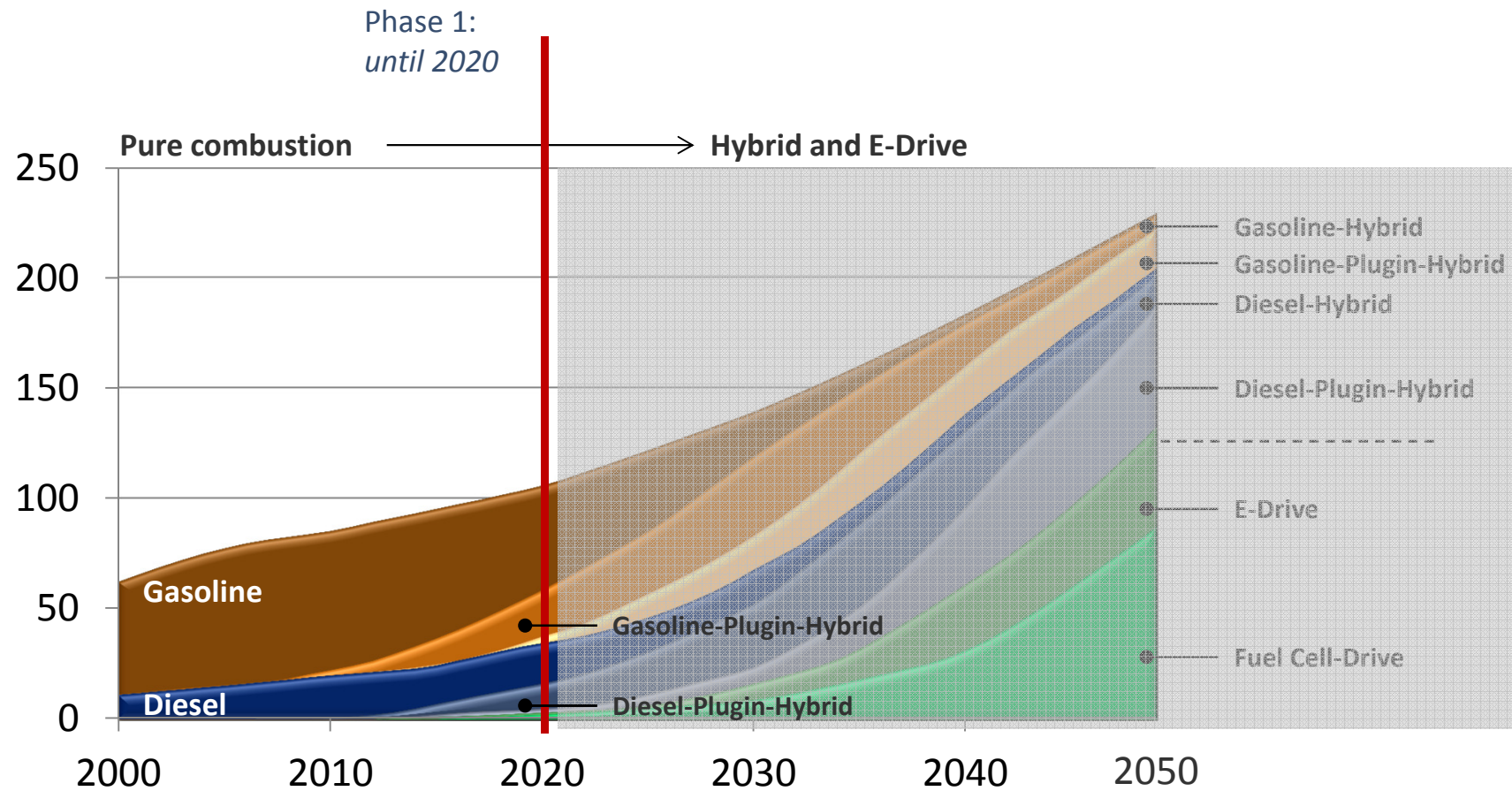
CO₂ savings with current KSPG products and innovations





Market trends for future drive systems

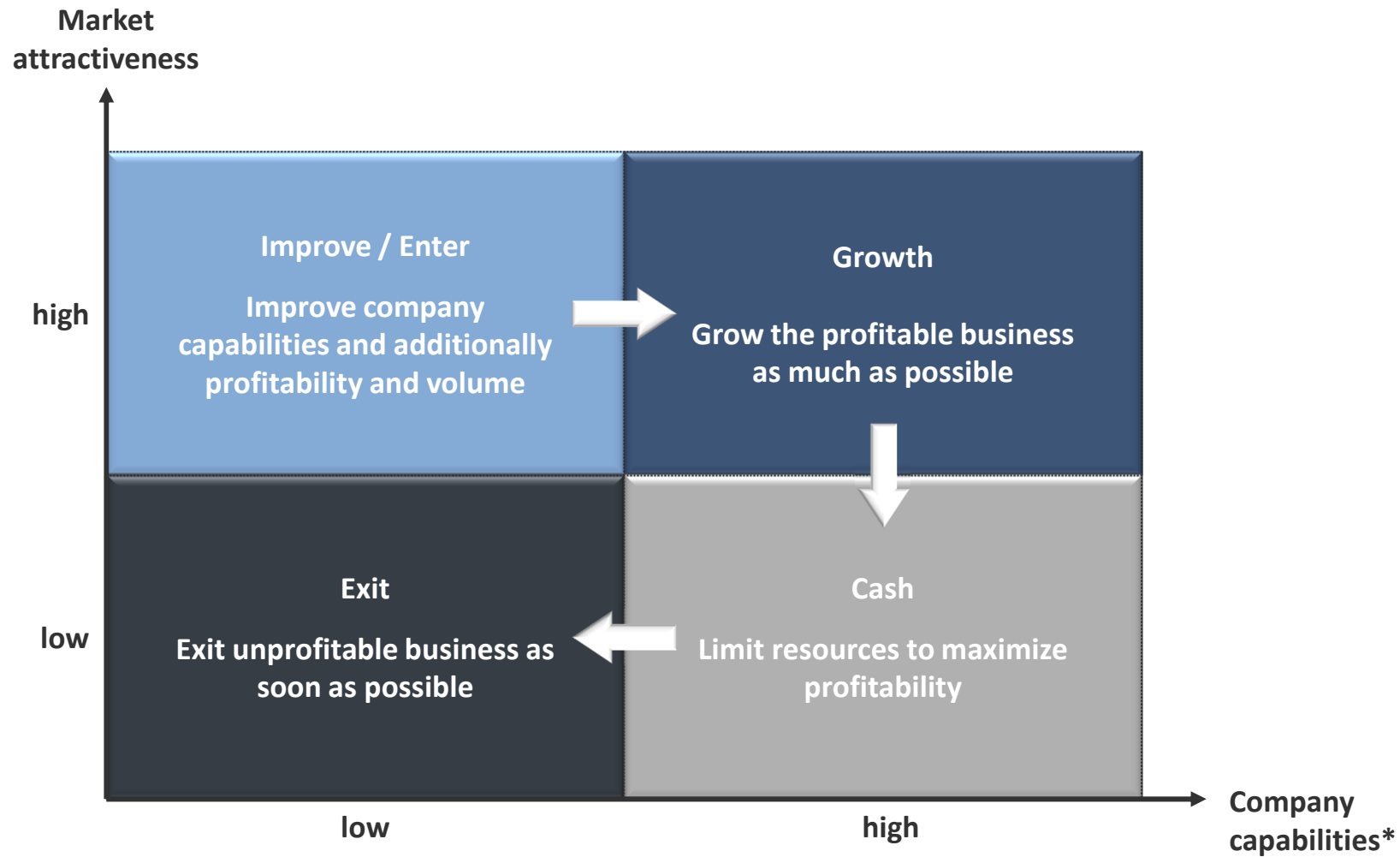
Car sales in million units



Source: Honda



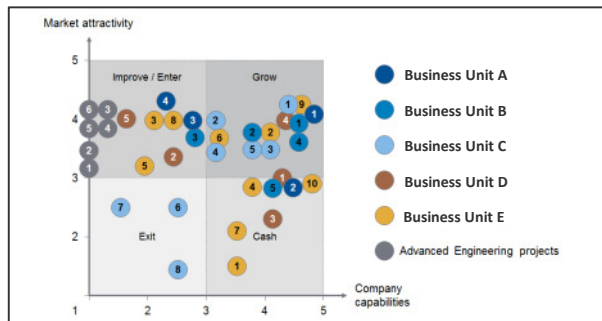
Four key strategic directions



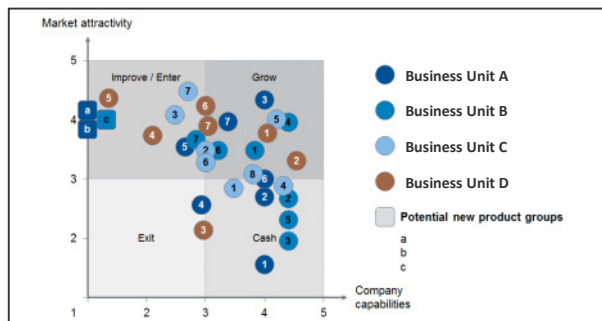
* With regard to the relevant market



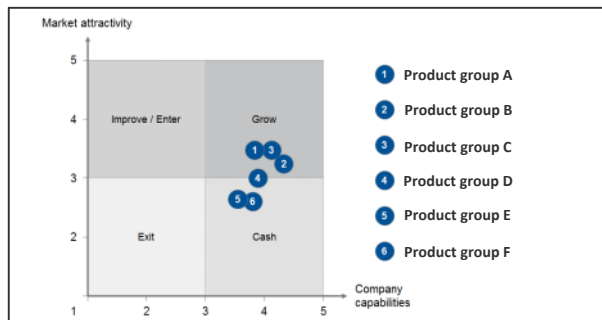
Screening of 70 automotive product groups



Division Mechatronics
54% of the product groups



Division Hardparts
37% of the product groups

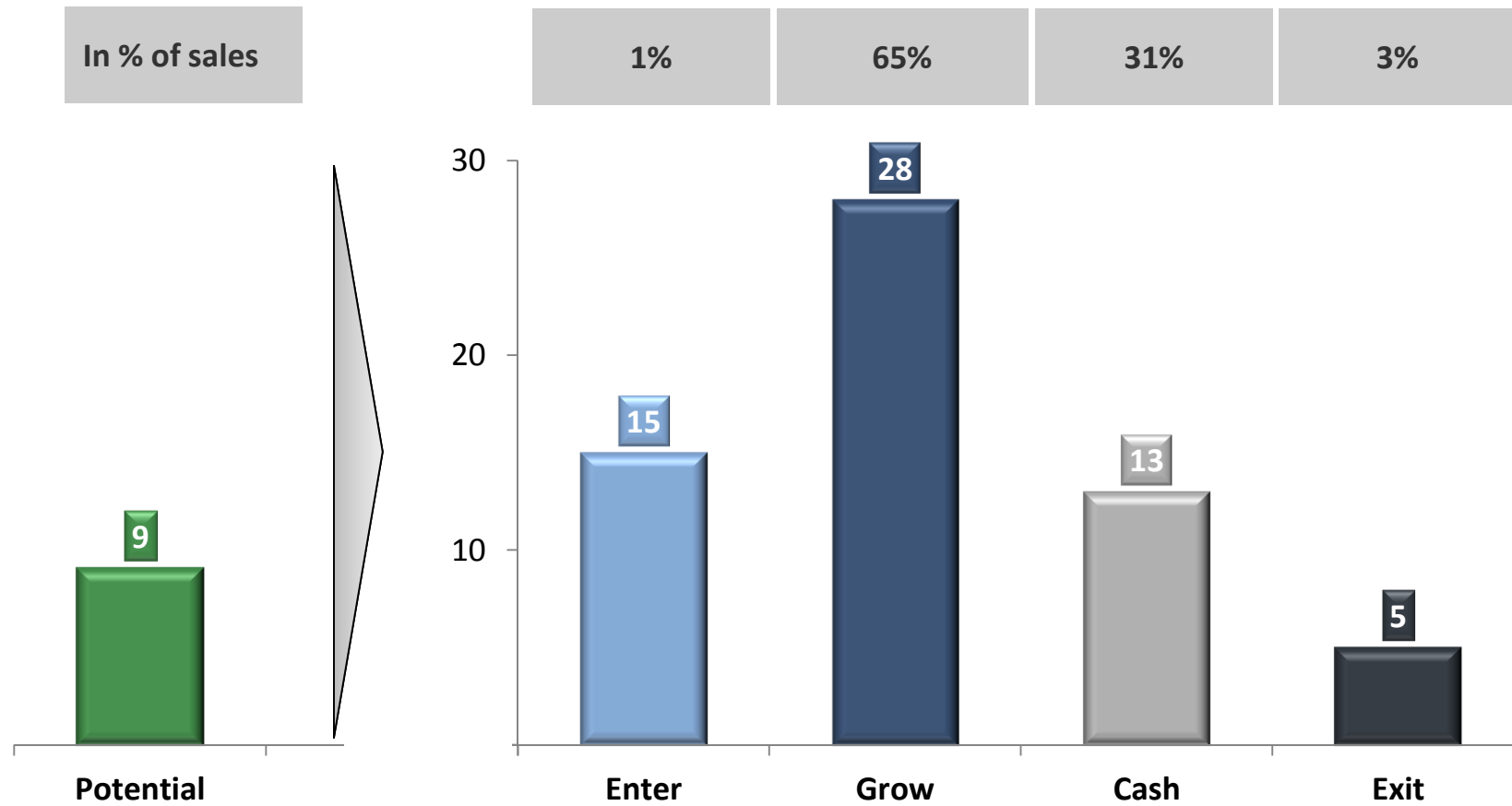


Division Aftermarket
9% product group clusters



Balanced product portfolio

Product groups *in numbers and in % of sales*





Situation analysis – products

Strongest drivers:

Reduction of
emissions

Reduction of fuel
consumption

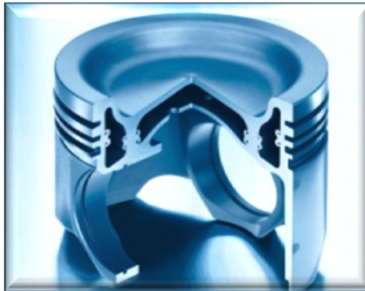
More performance
from smaller
engines

KSPG has the right product portfolio for a substantial growth





Product highlights 2014



Steel pistons for PC and Truck

Consumption reduction
up to 4%



Oil, water and vacuum pumps

High efficiency and long
durability, fully variable oil
pumps are saving up to 5% fuel



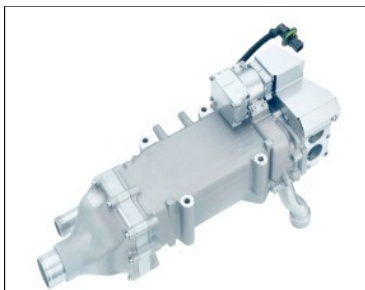
Aluminum castings for chassis and car bodies

Lower weight reduces fuel
consumption



UniValve (variable valve train)

Up to 6 % fuel economy



EGR cooling modules (Exhaust gas recirculation)

Pierburg holds worldwide
leading position in EGR
technology



Range extender for electric vehicles

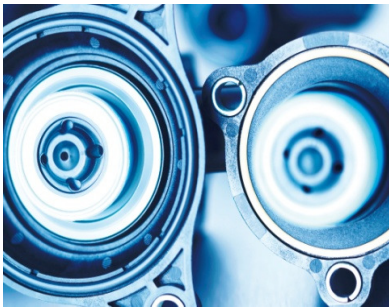
Realizes normal operation
distance without charging
stops



The divisions strategy in headlines



Hardparts is growing
with existing products in emerging markets



Mechatronics is growing
with new products in existing markets



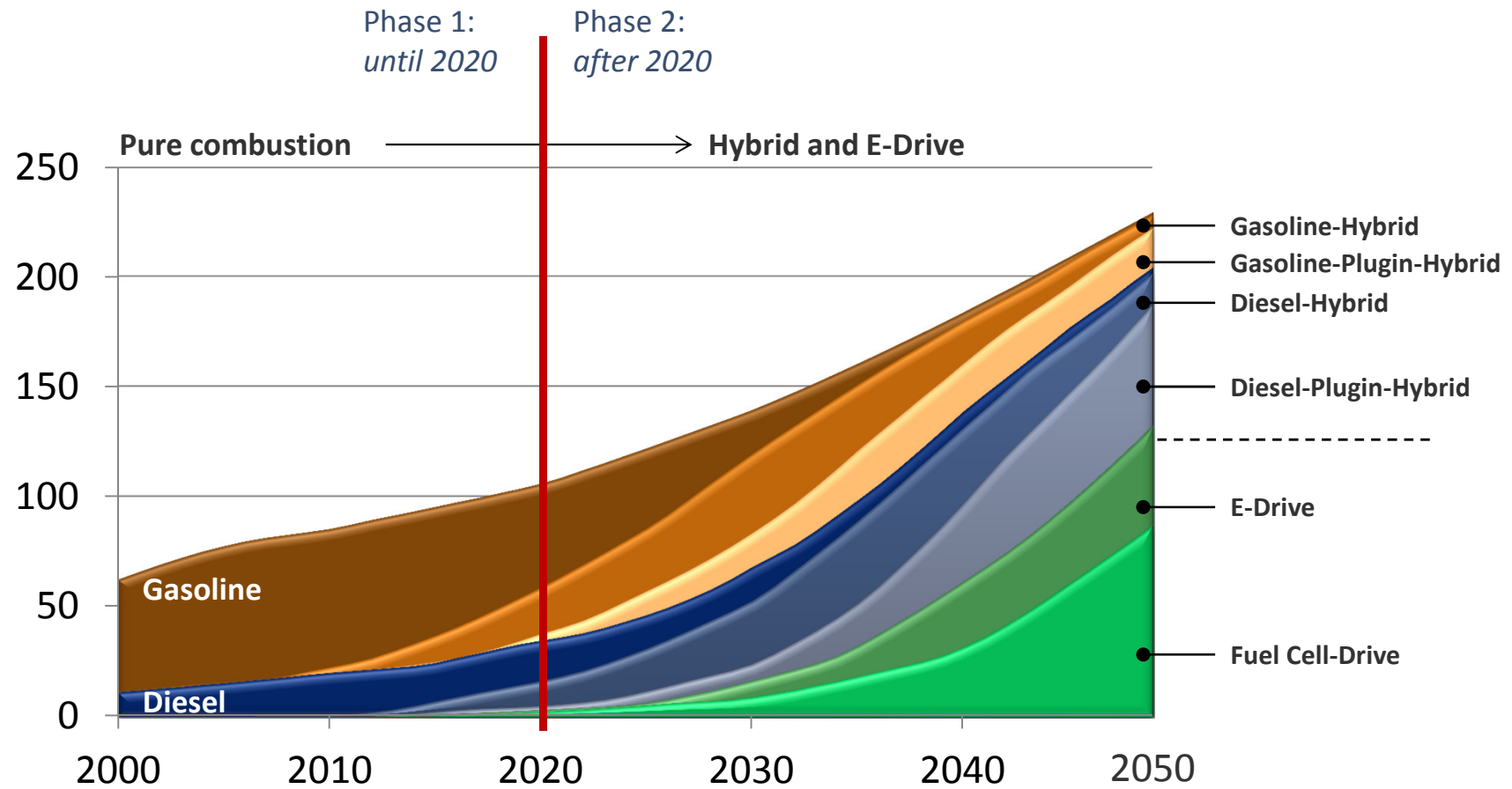
Aftermarket has a good profitability
and potential for internal and external growth





Market trends for future drive systems

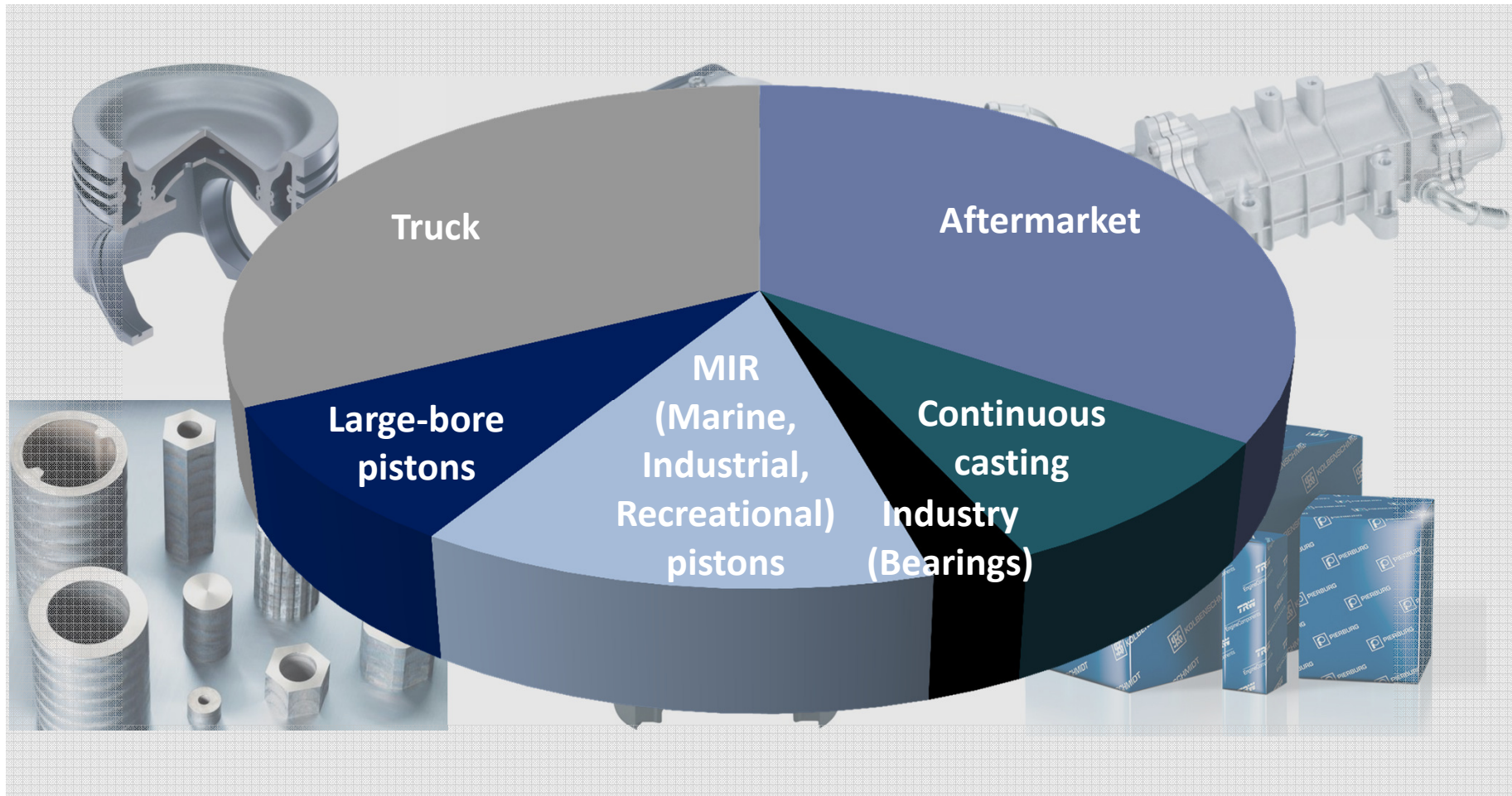
Car sales in million units



Source: Honda



Non-light vehicles sales 2014e





Examples for alternative propulsion systems with KSPG content



VW Golf GTE (Plug-In-Hybrid)

- Secondary-air system
- Crankshaft bearings
- Thrust washers



VW Jetta Hybrid

- Secondary-air pump
- Secondary-air valve
- Solenoid valves
- Crankshaft bearings
- Thrust washers



Audi A3 E-Tron

- Secondary-air pump
- Secondary-air valve
- Crankshaft bearings, thrust washers
- Water recirculation pump



BMW i3

- Secondary-air valve



BMW i8

- Electrical switching valves
- Crankshaft bearings
- Collar bearings



Fiat 500e

- Electrical coolant pump CWA 50 & 100

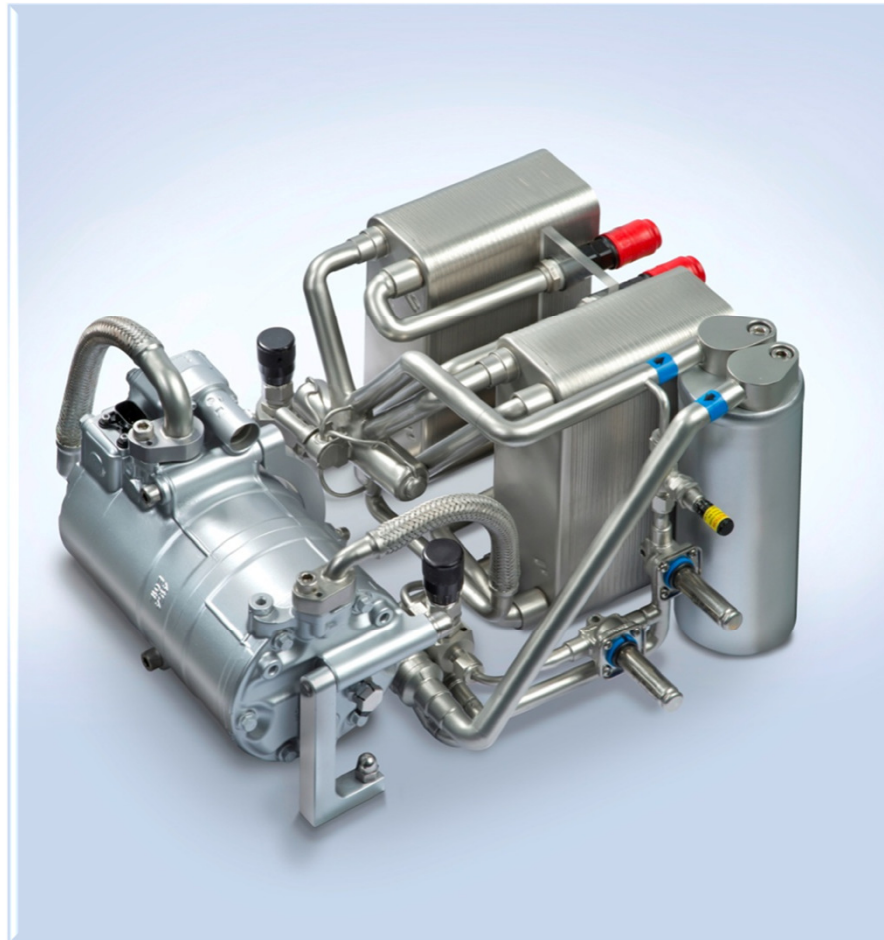


Mercedes S-Class (Plug-In-Hybrid)

- Electrical switching valves
- Thrust washers



Product highlight 2014 (Prototype)



New heating and cooling module for electric and hybrid cars

- Use of any kind of “waste” energy (e.g. loading and using the battery, engine, ...)
- Plug and play concept for cabin heating, easy to install
- Higher range for pure e-cars (especially in wintertime)



Markets will not limit our growth,
we will outperform the market.

New and innovative products are in the pipeline.

Good balanced product portfolio
for PC, Truck and MIR applications.

Substantial growth in the emerging markets
with own and JV companies.

Target 8% EBIT margin under stable market conditions
is achievable in 2015.



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