



Capital Markets Day 2013

KSPG – The Mobility Part of Rheinmetall

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Automotive – Partner for mobility

Focused on the attractive segment of powertrain technology



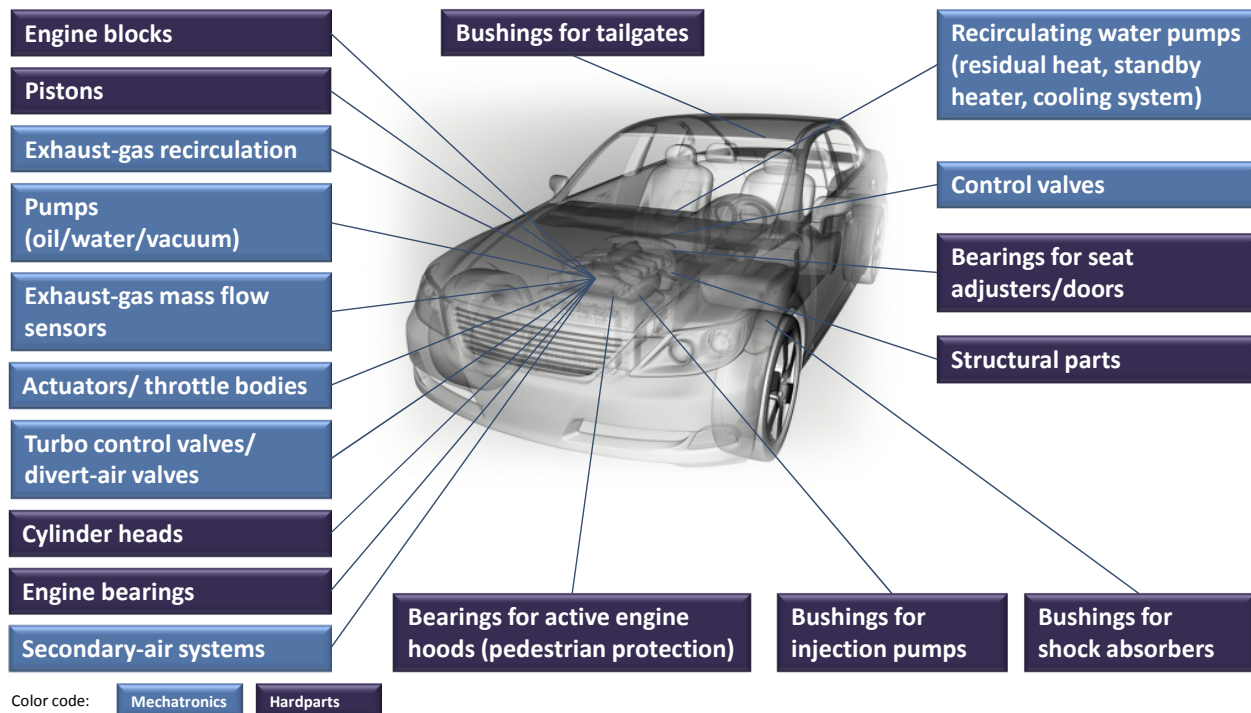
Sales (FY 2012): € 2.4 billion

Hardparts € 1.1 billion*	Mechatronics € 1.1 billion*	Motor Service € 0.3 billion*
Pistons	Pierburg	International
Aluminum Technology	Pierburg Pump Technology	Domestic
Plain Bearings		
Large Bore Pistons		

* Inter-company sales not eliminated

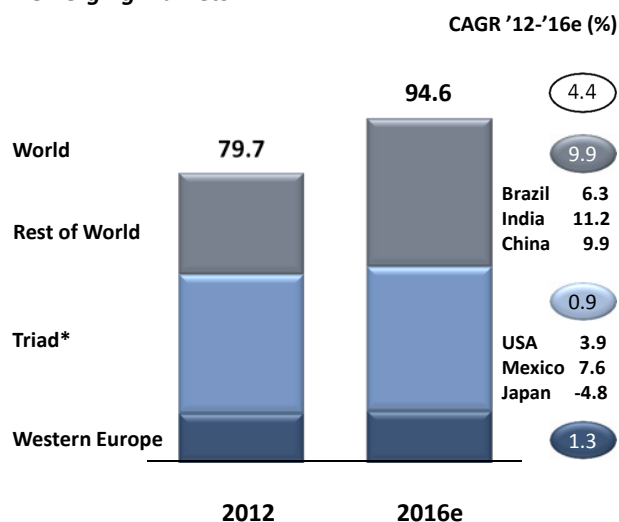


Automotive Well-positioned with large product portfolio



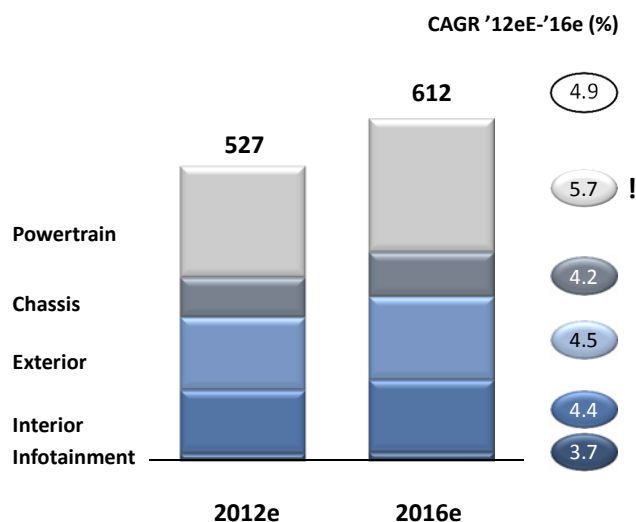
Global automotive markets Markets expected to increase continuously

Expected production of light vehicles by region
in million units
Long-term global growth especially driven by emerging markets



* Triad = Western Europe + NAFTA + Japan
Source: IHS Automotive (July 2013)

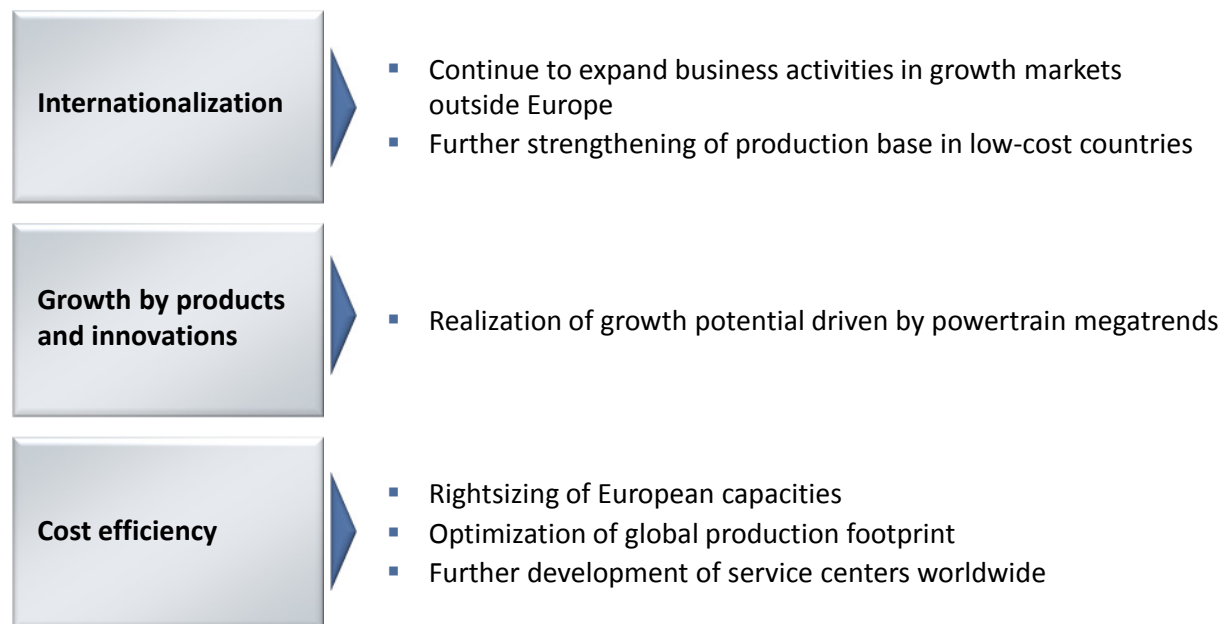
Global automotive component market in € billion
Powertrain segment with strongest growth



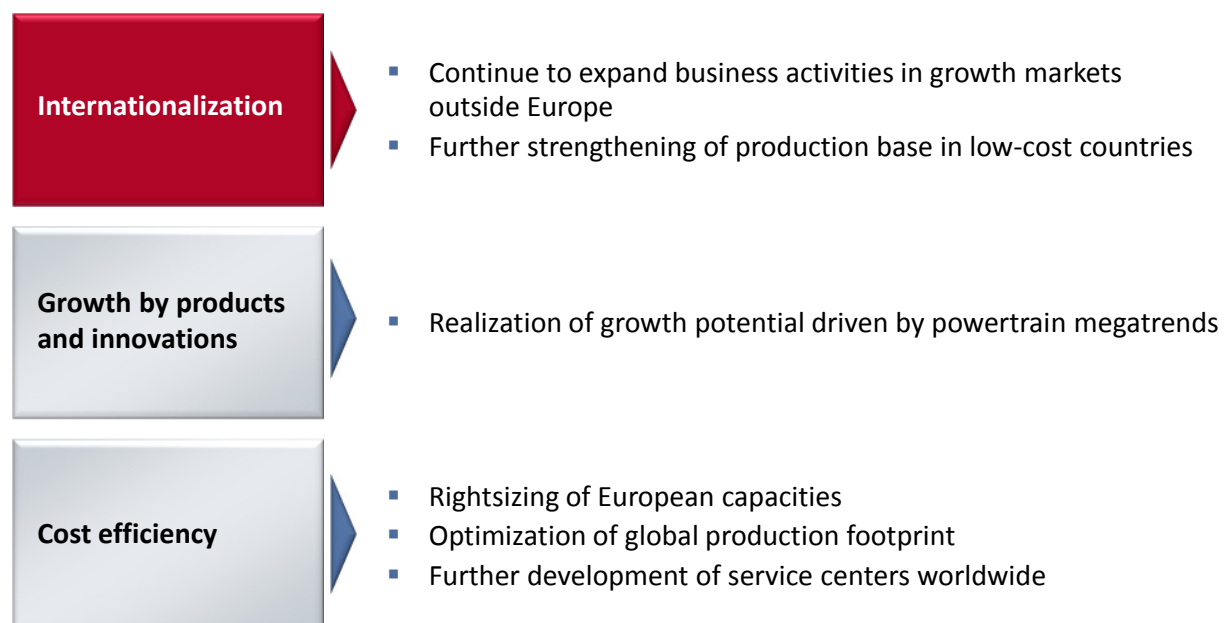
Source: IHS AutoInsight 2012



Strategic development Automotive



Strategic development Automotive

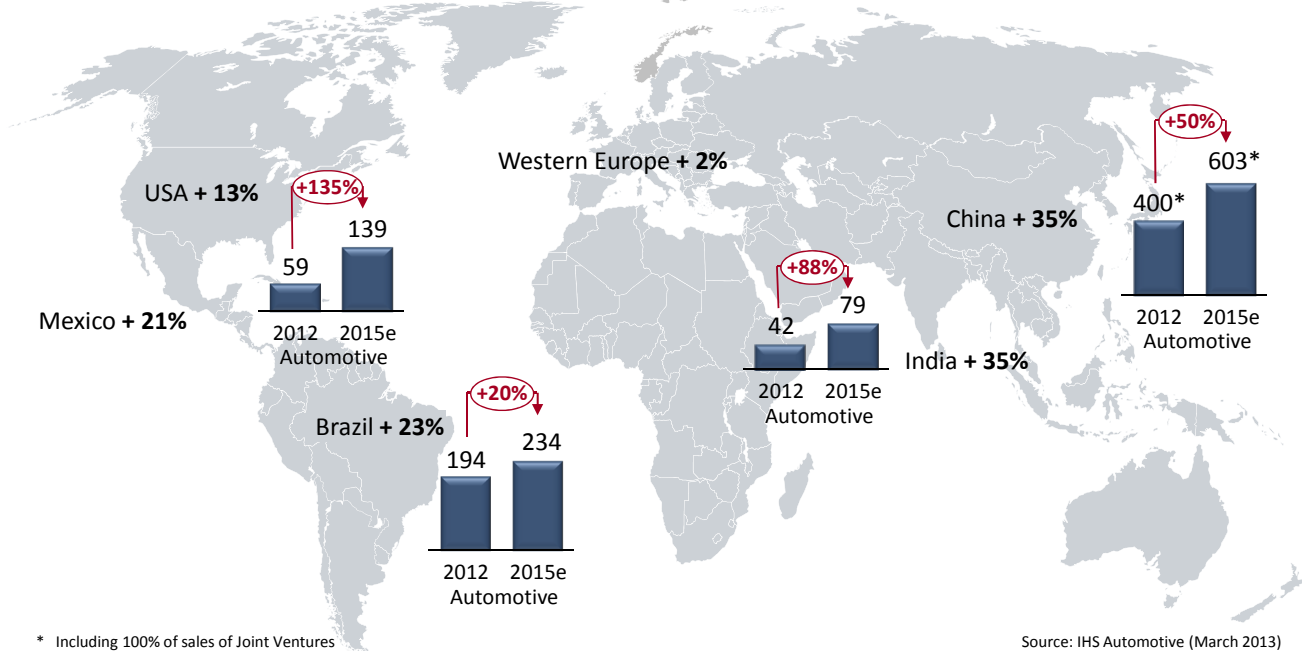




Internationalization

Disproportionately high growth in emerging markets with local production

Expected change of LV production 2015 vs. 2012 in %
 Sales Automotive 2015 vs. 2012 in € million resp. in %



Internationalization

Automotive network in China

3 Joint Ventures (50 : 50)
 3 Wholly Foreign-Owned Enterprises (WFOEs)
 1 Subsidiary of a Joint Venture





Internationalization Automotive network in China – Sites and products

Joint Ventures (50 : 50)

KPSNC Shanghai Loutang (Head office) Cylinder heads, engine blocks and structural body parts	KPSNC Kunshan Cylinder heads and engine blocks	KPSNC Yantai Fushan Cylinder heads	KPSNC Shanghai Waigang Machining of engine blocks	KSSP Shanghai Anting Pistons	PHP <i>new</i> Shanghai Yuepuzhen Electrical & mechanical pumps SOP 2014

Wholly Foreign-owned Enterprises

Pierburg China <i>new</i> Kunshan EGR modules, electric throttle bodies	KS Large-bore pistons <i>new</i> Kunshan SOP 2013	MS Motor Service Asia Pacific Shanghai Waigaoqiao, Kunshan in free-trade area

Subsidiary of a Joint Venture

Pierburg Mikuni Pump Technology Shanghai Zhangjiang Water- & oil pumps

KSPG House

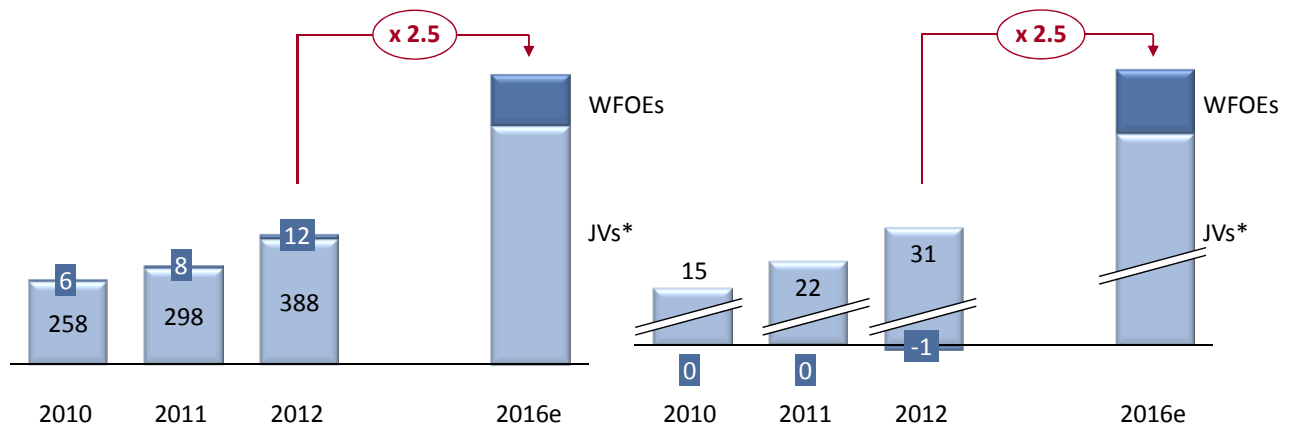
Head office <i>new</i> Shanghai Zhangjiang HO for all wholly-owned subsidiaries



Internationalization Automotive in China – Sales and EBIT

Sales in € million

EBIT in € million



* Rheinmetall Automotive owns 50% of the joint ventures, consolidated at equity



Internationalization Automotive activities in Mexico



Pistons



Kolbenschmidt de Mexico S. de R.L. de C.V.
Celaya
Pistons (aluminum and steel)
Employees: 538

Pierburg Pump Technology



Pierburg Pump Technology Mexico S.A. de C.V.
Celaya
Electrical & mechanical water-, Oil- and vacuum pumps
Employees: 68

Plain Bearings



KS Gleitlager de Mexico S. de R.L. de C.V.
Celaya
Bushings and thrust washers
Employees: 68

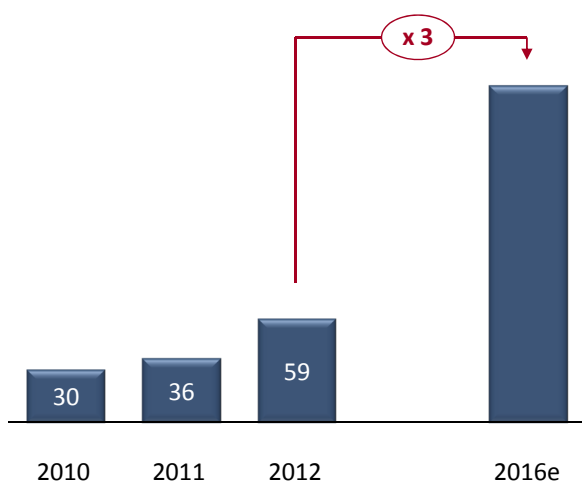
Brief history of KSPG at Celaya

- 2006 Acquisition of Pistones Moresa in Celaya from DESC
- 2010 Start of production of pump business
- 2010 Decision to expand pump business and to move US and Brazilian bearings business to Celaya
- 2010 Acquisition of additional property for expansion
- 2012 Start of production of plain bearings and pump business in new building

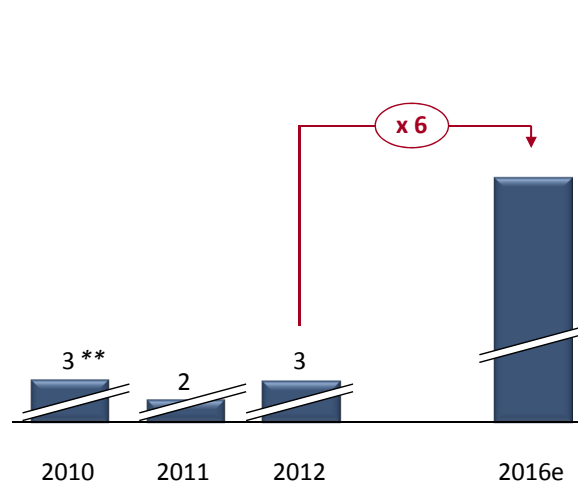


Internationalization Automotive in Mexico - Sales and EBIT

Sales * in € million



EBIT * in € million



* Including sales and EBIT of US entities due to Maquila concept (subcontracting)

** without € 2 million non-recurring income BU Pierburg Pump Technology



Strategic development Automotive

Internationalization

➔

- Continue to expand business activities in growth markets outside Europe
- Further strengthening of production base in low-cost countries

Growth by products and innovations

➔

- Realization of growth potential driven by powertrain megatrends

Cost efficiency

➔

- Rightsizing of European capacities
- Optimization of global production footprint
- Further development of service centers worldwide



Growth by products and innovations Megatrends: Reduction of fuel consumption and emissions

Strong growth through increasingly stringent emissions regulations* in g/km

Europe

USA

+

Substantial reduction of fuel consumption and therefore CO₂ emissions**
CO₂ fleet emission targets in g/km

EU (41%)			U.S. (27%)			China (29%)	
Actual	Target	Target	Actual	Target	Target	Actual	Target
2006	2015	2020	2006	2015	2020	2006	2015
160	130	95	216	157	140	187	132

Origins of CO₂ emissions in mid class segment cars

Source: Daimler

Growing powertrain technology content per vehicle**
Powertrain costs per mid-size gasoline vehicle (in €)

* Source: DieselNet; PM (particulate matter): g/km; NO_x (nitrogenous oxide): g/km ; ** Source: Roland Berger (2010/I), Roland Berger (2011)



Growth by products and innovations Mechatronics and Hardparts divisions with broad range of innovative products for CO₂ reduction

Downsizing/Turbocharging



High performance bearings



Wastegate actuator

Hybridization



Electric vacuum pump

Savings effect of CO₂ penalties in €



Variable valve drive



Low friction piston



Variable oil pump



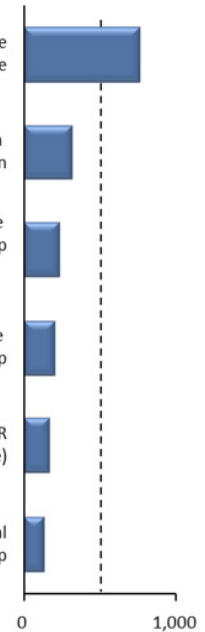
Variable water pump



EGR (gasoline)



Electrical water pump



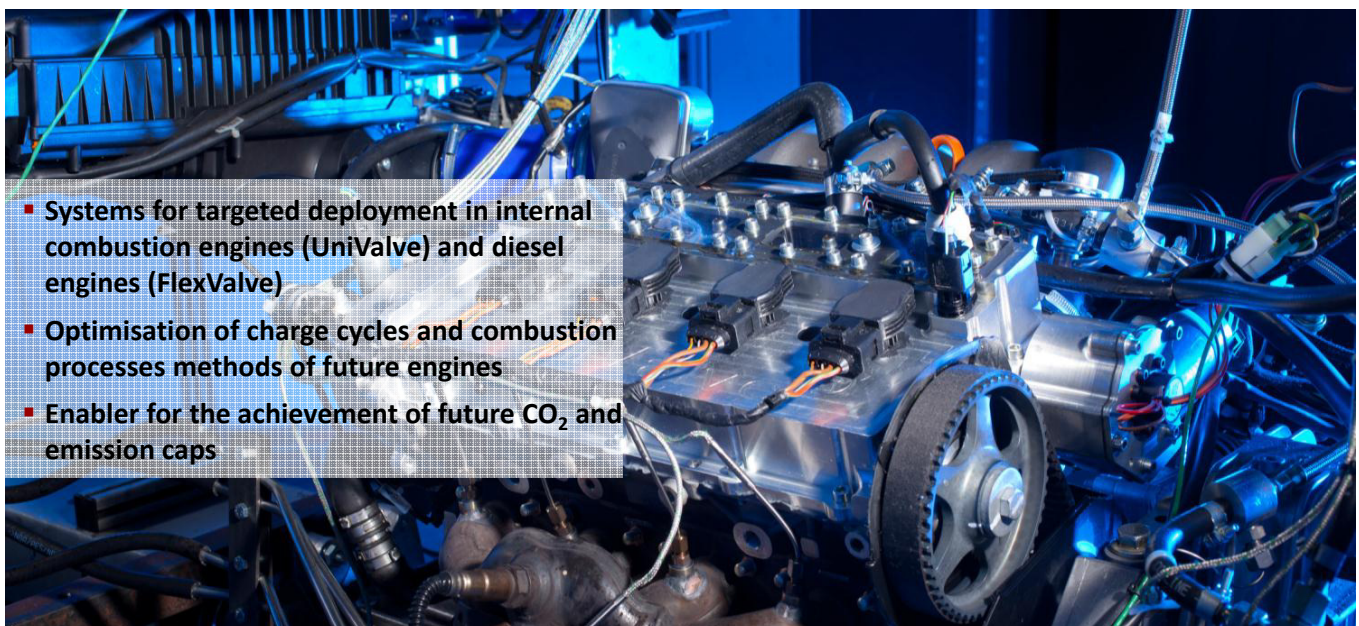
Legal framework
for CO₂ fleet emissions

CO₂ penalties

CO₂-emission targets in g/km



Growth by products and innovations Variable valve drive

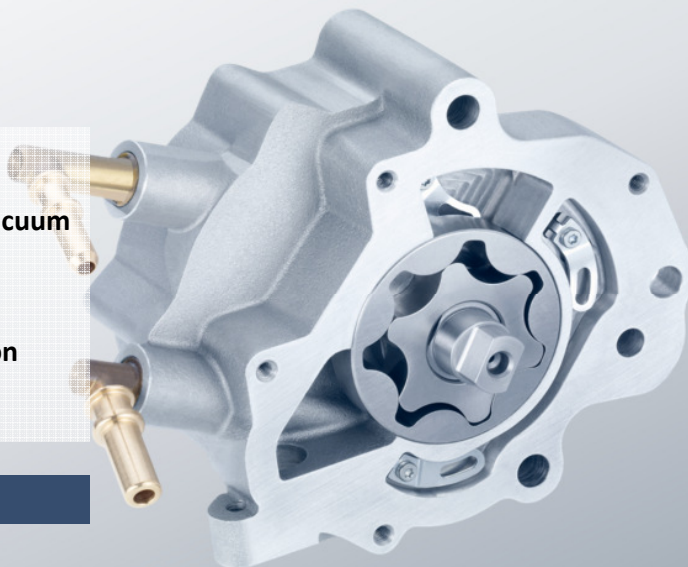


- Systems for targeted deployment in internal combustion engines (UniValve) and diesel engines (FlexValve)
- Optimisation of charge cycles and combustion processes methods of future engines
- Enabler for the achievement of future CO₂ and emission caps



Growth by products and innovations Tandem pump

- Compact, weight-saving design
- Combination of lubricant supply and vacuum generation in a single product
- Little installation space required
- Optional with variable oil pump function
- Fuel savings of up to 3%

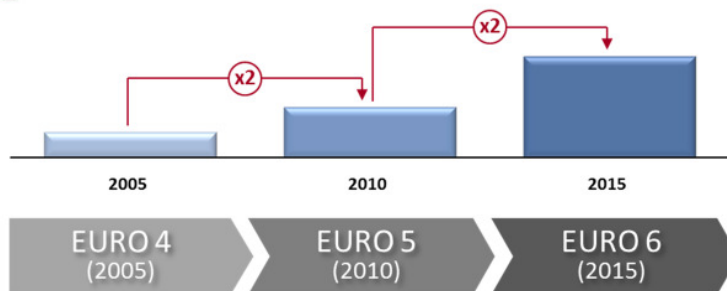


Market entry with US customers



Growth by products and innovations Stricter emission regulation drive the Mechatronics business

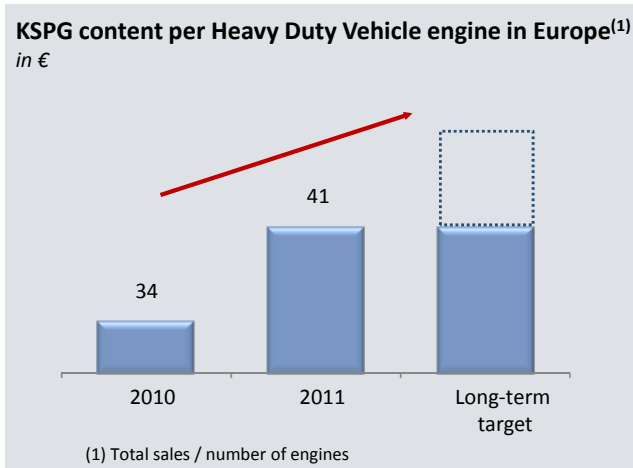
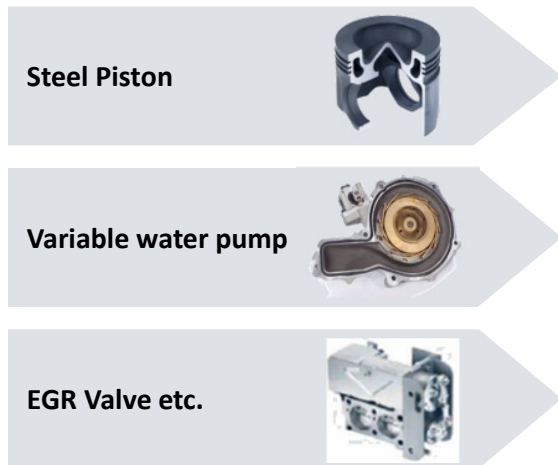
Estimated value-added of KSPG per vehicle for EGR products



EGR = Exhaust Gas Recirculation



Growth by products and innovations Well-positioned to benefit from transferring know-how into truck business



Growth by products and innovations Truck business – Product range Mechatronics



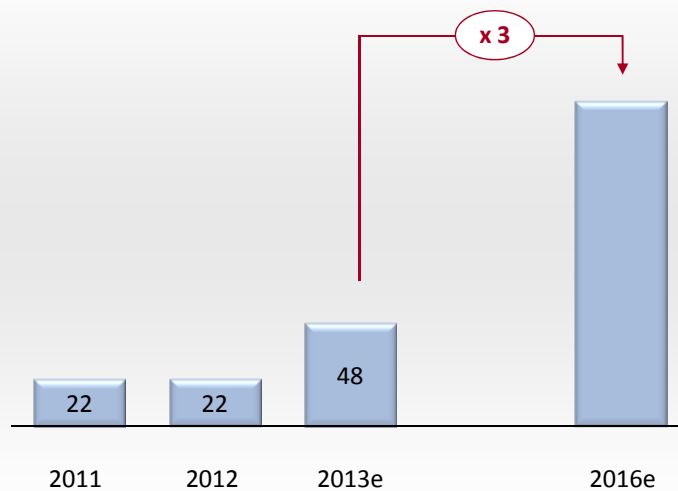
*Exhaust Gas Recirculation

**Exhaust Gas Mass Flow Sensor

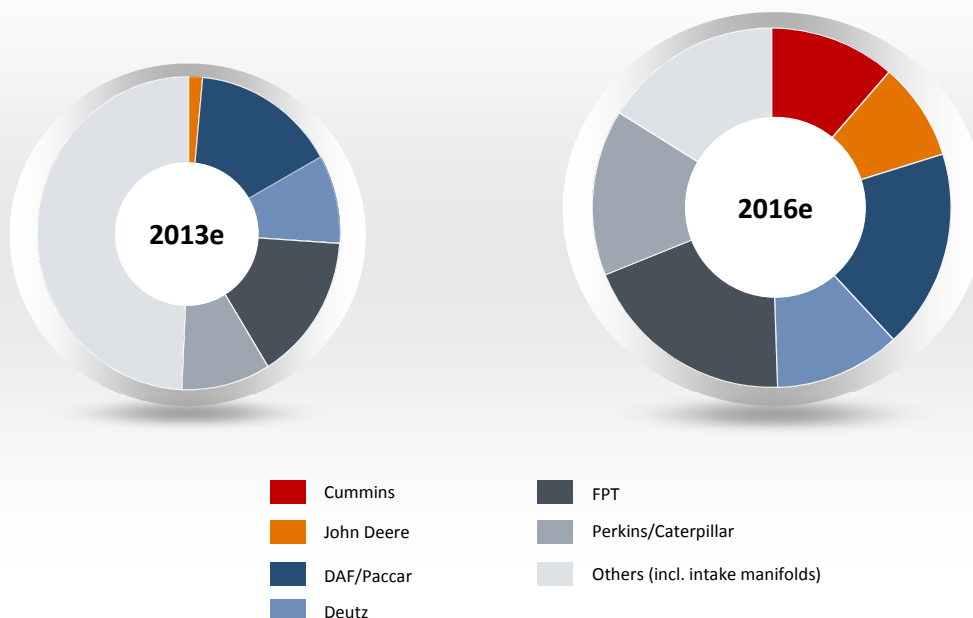


Growth by products and innovations Truck business – Significant growth with commercial diesel systems

Sales in € million



Growth by products and innovations Commercial Diesel Systems – Developing a well balanced customer portfolio





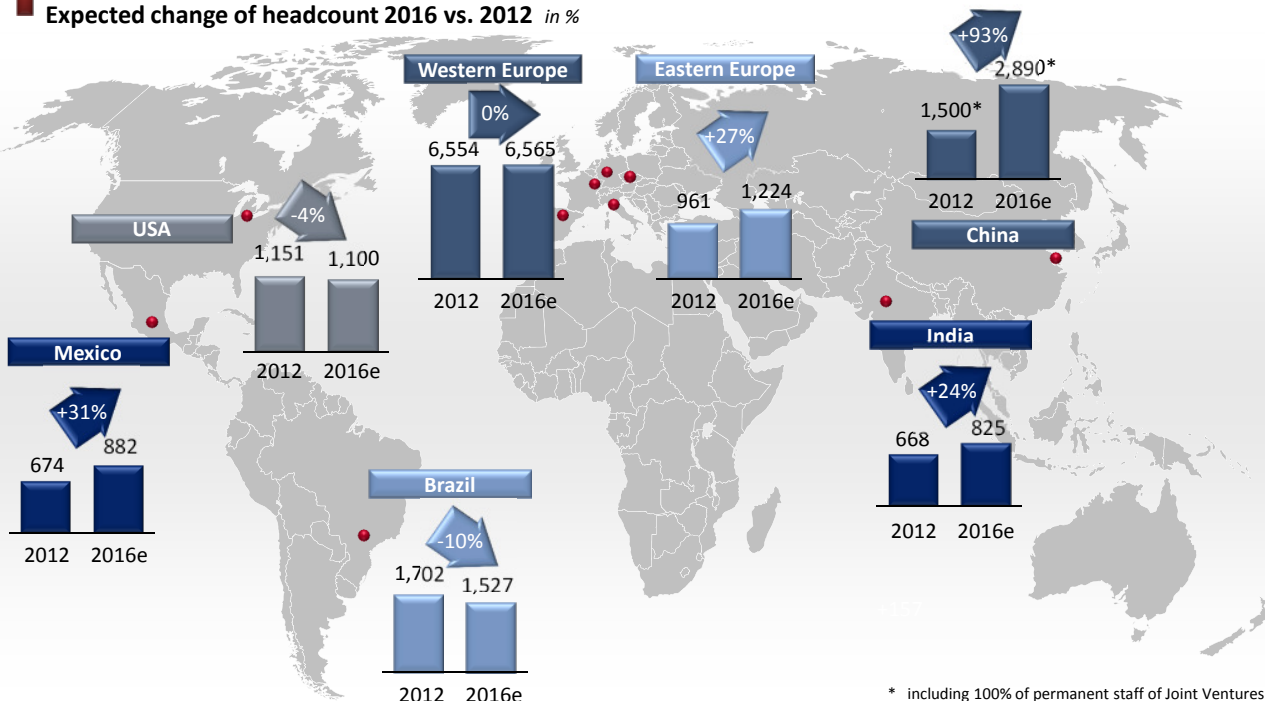
Strategic development Automotive

Internationalization	<ul style="list-style-type: none"> ▪ Continue to expand business activities in growth markets outside Europe ▪ Further strengthening of production base in low-cost countries
Growth by products and innovations	<ul style="list-style-type: none"> ▪ Realization of growth potential driven by powertrain megatrends
Cost efficiency	<ul style="list-style-type: none"> ▪ Rightsizing of European capacities ▪ Optimization of global production footprint ▪ Further development of service centers worldwide



Cost efficiency Optimization of global production footprint

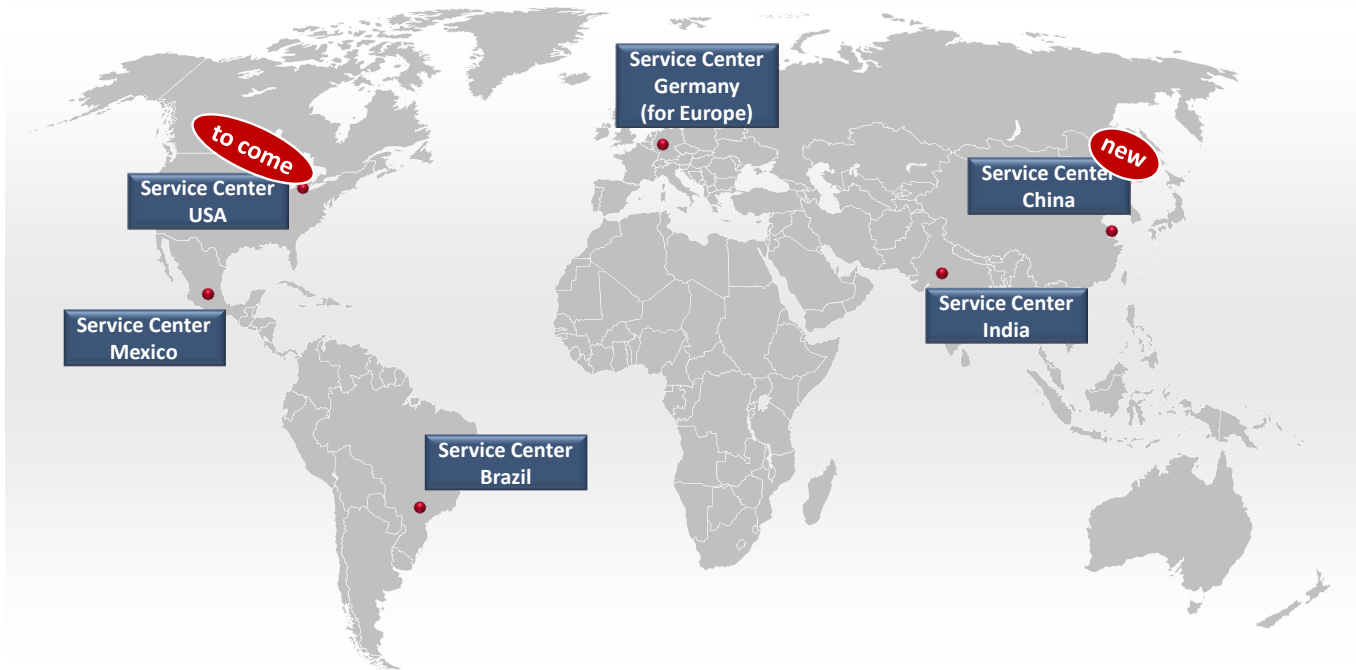
Headcount 2016 vs. 2012 in FTE
Expected change of headcount 2016 vs. 2012 in %



* including 100% of permanent staff of Joint Ventures



Cost efficiency Globalization supported by additional cost-efficient service centers



Cost efficiency Shared Service Centers - Typical services rendered by one central function*

Administrative Services	Infrastructure Services	Coordinative Services
<ul style="list-style-type: none"> ▪ Human Resources ▪ Payroll ▪ Accounting ▪ Hedging ▪ Treasury ▪ Taxes ▪ IT ▪ International Trade ▪ Legal 	<ul style="list-style-type: none"> ▪ Power Supply ▪ Tool shop ▪ IT network ▪ Cantine ▪ Security ▪ Facility Management ▪ Maintenance 	<ul style="list-style-type: none"> ▪ Purchasing ▪ Sales ▪ Application Engineering ▪ Production

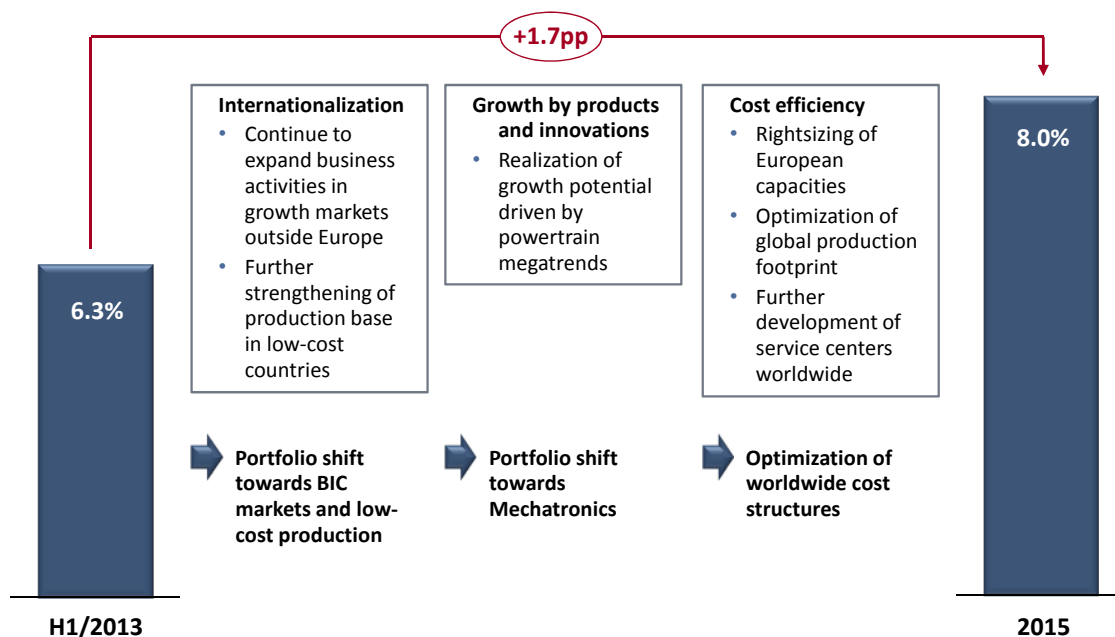
* Non-exhaustive enumerations

SUMMARY



Rheinmetall Automotive 2015 Automotive expects an EBIT margin of 8%

EBIT margin after restructuring costs *in %*



Financial Diary

November 8, 2013	Q3 2013
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