



Capital Markets Day I 13-14 June 2012

**International Technology Group**  
**for Defence and Automotive**

## Rheinmetall Group

### Consolidated income statement

| € million                   | 2007   | 2008   | 2009   | 2010   | 2011   |
|-----------------------------|--------|--------|--------|--------|--------|
| Sales                       | 4,005  | 3,869  | 3,420  | 3,989  | 4,454  |
| EBITDA                      | 438    | 411    | 180    | 464    | 538    |
| EBIT                        | 270    | 245    | 15     | 297    | 354    |
| EBIT margin (%)             | 6.7    | 6.3    | 0.4    | 7.4    | 7.9    |
| Group net income            | 150    | 142    | - 52   | 174    | 225    |
| Earnings per share (€)      | 4.15   | 4.09   | - 1.60 | 4.23   | 5.55   |
| Dividend per share (€)      | 1.30   | 1.30   | 0.30   | 1.50   | 1.80   |
| Amortization / depreciation | 168    | 166    | 165    | 167    | 184    |
| Employees (Dec. 31)         | 19,185 | 21,020 | 19,766 | 19,979 | 21,516 |

### Consolidated balance sheet

| € million        | 2007  | 2008  | 2009  | 2010  | 2011  |
|------------------|-------|-------|-------|-------|-------|
| Total assets     | 3,448 | 3,612 | 3,835 | 4,460 | 4,832 |
| Total equity     | 1,059 | 1,080 | 1,134 | 1,355 | 1,546 |
| Net liquidity    | - 236 | - 205 | + 44  | - 76  | - 130 |
| Pension accruals | 522   | 577   | 610   | 677   | 729   |

### Consolidated cash flow statement

| € million                | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------|------|------|------|------|------|
| Cash Flow                | 352  | 308  | 120  | 344  | 402  |
| Free operating cash flow | 21   | 118  | 186  | - 39 | 93   |

# Agenda



## ► Wednesday, 13 June 2012

|       |   |   |
|-------|---|---|
| 16.30 | <b>Individual arrival and hotel check-in</b>  | Inside Hotel<br>Derendorfer Allee 8<br>40476 Düsseldorf                           |
| 17.00 | Management presentation<br><b>Klaus Eberhardt, CEO, Rheinmetall AG</b>              | Rheinmetall AG<br>Röchling Auditorium,<br>Rheinmetall-Platz 1<br>40476 Düsseldorf |
|       | Management presentation<br><b>Helmut P. Merch, CFO, Rheinmetall Defence</b>         |   |
|       | <b>Q&amp;A</b>  |   |
| 19.30 | <b>BBQ dinner with common viewing of the football match Germany vs. Netherlands</b> | Inside Hotel  |

## ► Thursday, 14 June 2012

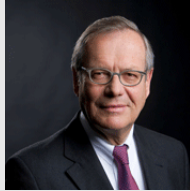
|       |  |   |
|-------|--|---|
| 07.45 | <b>Bus transfer to Düsseldorf Airport</b>  | Bus stop: in front of the<br>Inside Hotel   |
| 09.00 | <b>Flight: Düsseldorf – Paris (Charles de Gaulle)</b>  | Düsseldorf Airport<br>Terminal A, counter 140   |
| 10.30 | <b>Bus transfer to Eurosatory fairground</b>   | Bus stop: departure level<br>between exit 32 and 34                                     |
| 11.00 | Welcome address<br><b>Armin Papperger,</b><br><b>Member of the Executive Board, Rheinmetall AG</b><br>Guided tour across Rheinmetall's fair booth<br><b>Dr. Daniel Berger, Arno Ehlers</b> | Eurosatory<br>Paris Nord Villepinte<br>Exhibition Centre<br><br>Rheinmetall: Booth D210 |
| 13.30 | <b>Lunch</b>   |   |
| 14.00 | <b>Bus transfer to Paris (Charles de Gaulle)</b>   | Bus stop: t.b.a.  |
| 15.00 | <b>Flight: Paris (Charles de Gaulle) – Düsseldorf</b>  | CDG Airport, Terminal 1,<br>departure level, hall 4                                     |
| 16.30 | <b>Bus transfer to Rheinmetall AG,<br/>Inside Hotel and railway station</b>  | Düsseldorf Airport<br>Terminal A  |



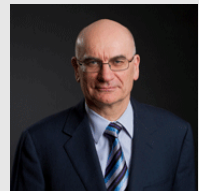
# People

## ▶ Attending members of the Boards

**Klaus Eberhardt**  
CEO  
Rheinmetall AG



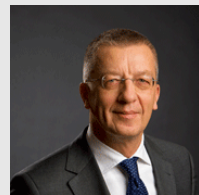
**Dr. Herbert Müller**  
CFO  
Rheinmetall AG



**Armin Papperger**  
Member of the Executive Board  
Rheinmetall AG  
CEO  
Rheinmetall Defence



**Helmut P. Merch**  
CFO  
Rheinmetall Defence



## ▶ Investor Relations Team

**Peter Rücker**  
Head of  
Corporate Communications  
and Investor Relations  
Rheinmetall AG



**Franz-Bernd Reich**  
Head of Investor Relations  
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## Leading supplier for land systems

Capital Markets Day 2012 | Düsseldorf, 13 June 2012  
Klaus Eberhardt, CEO, Rheinmetall AG

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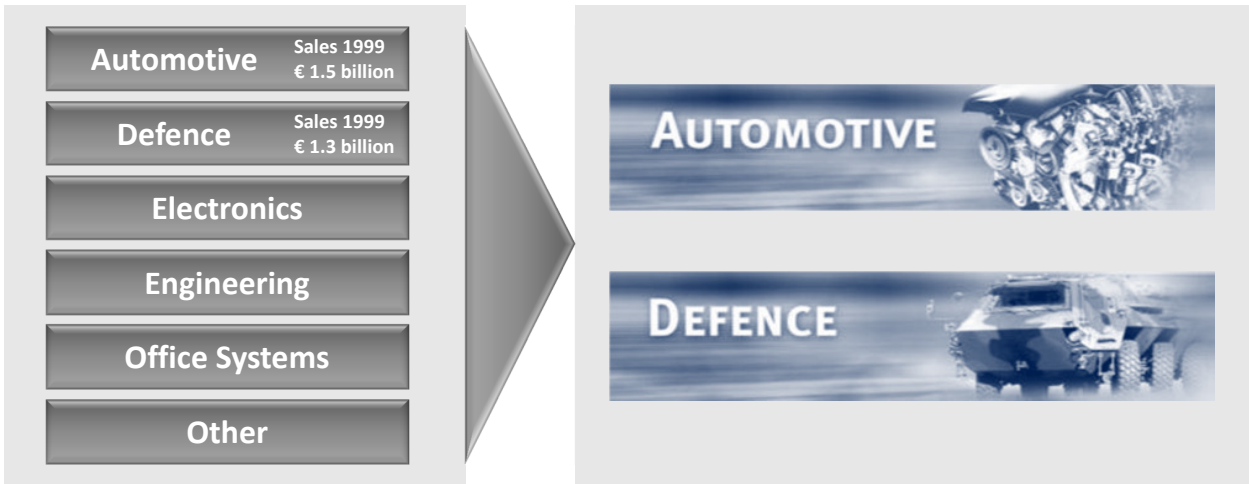
## Agenda

- 1. Streamlining Rheinmetall Group**
  - ▶ A review of the performance 2000-2011
  - ▶ IPO of Rheinmetall Automotive
- 2. Rheinmetall Defence**
  - ▶ Innovative products
  - ▶ New markets penetration
  - ▶ New orders received
  - ▶ Joint ventures
- 3. Rheinmetall's positioning on global defence markets**
- 4. Internationalization of Rheinmetall Defence**
- 5. Performance of Rheinmetall Defence**
- 6. The story of Rheinmetall goes on...**

# Streamlining Rheinmetall

## Focusing on core competences and divesting non-core business units

**Sales 1999:** € 4.5 billion → **Sales 2004:** € 3.4 billion → **Sales 2011:** € 4.5 billion

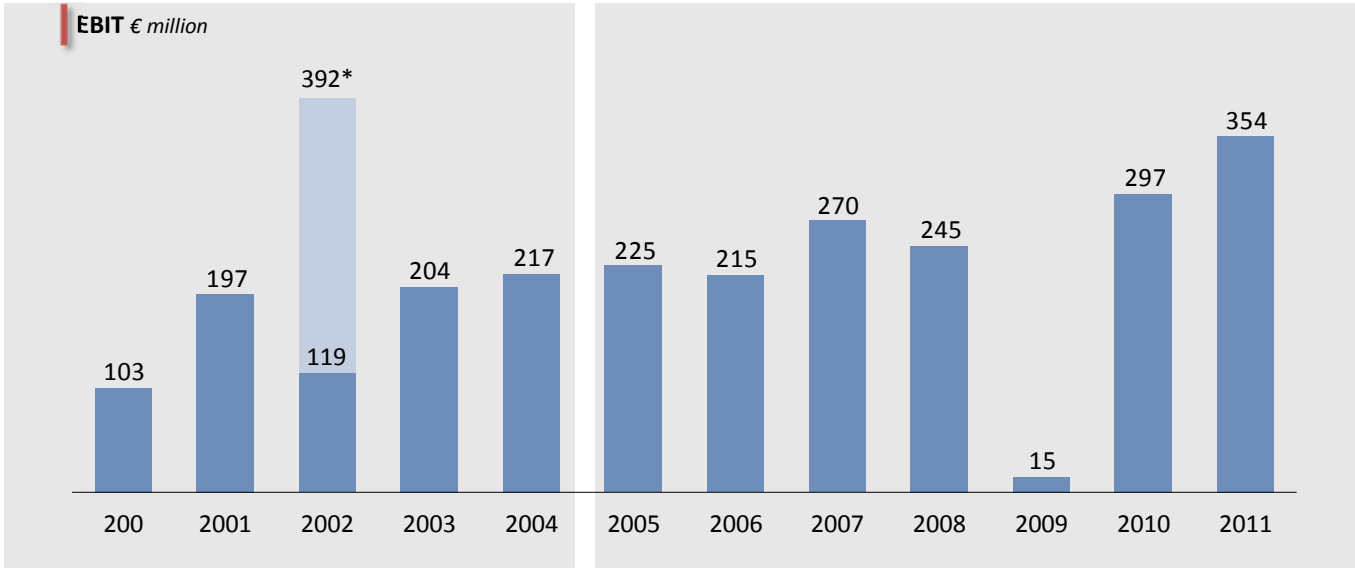


# Streamlining Rheinmetall

## Results: Strong profitable growth

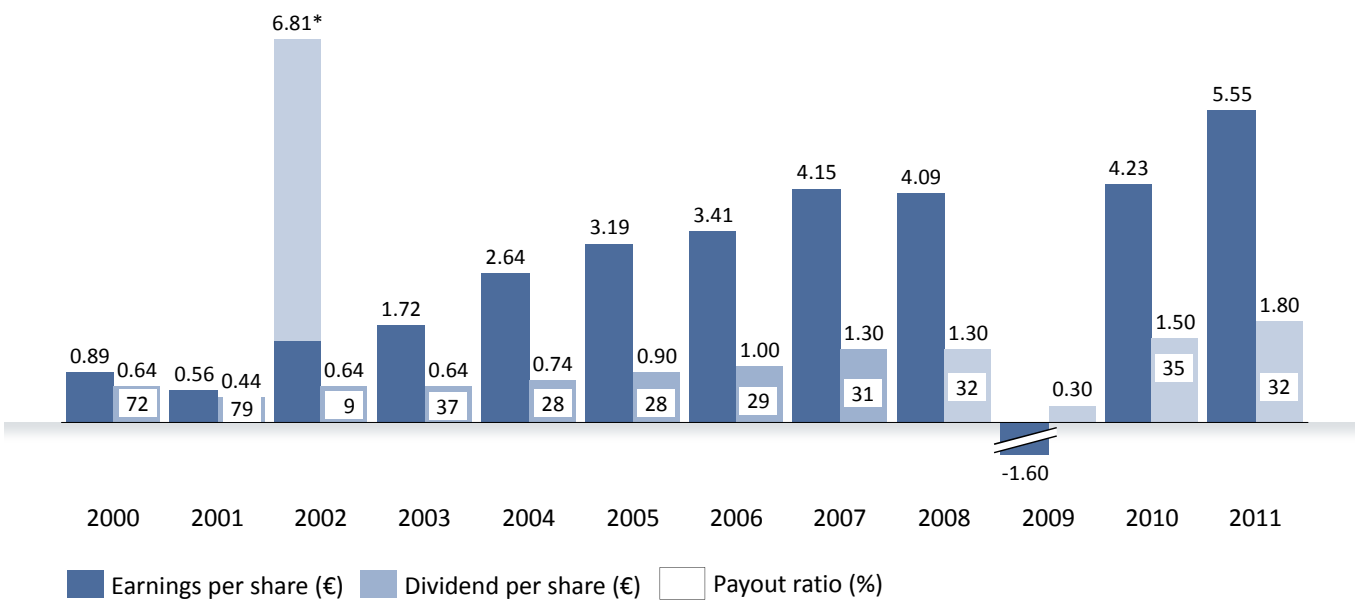


## Streamlining Rheinmetall Results: Considerable value generation



\* Including extraordinary earnings from divesting Heimann Systems

## Streamlining Rheinmetall Increasing earnings per share and improving payouts to shareholders

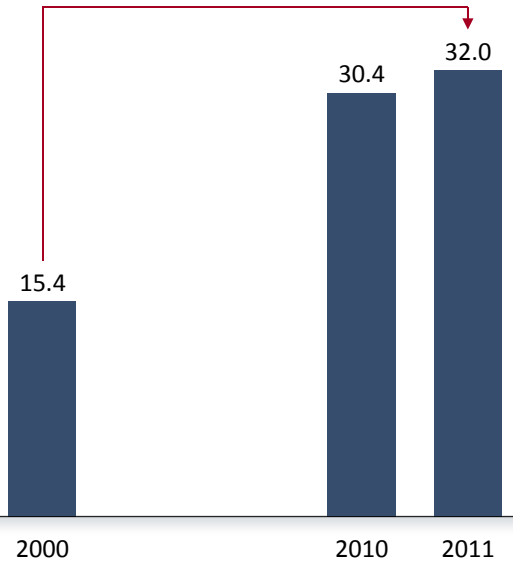


\* Including extraordinary earnings from divesting Heimann Systems

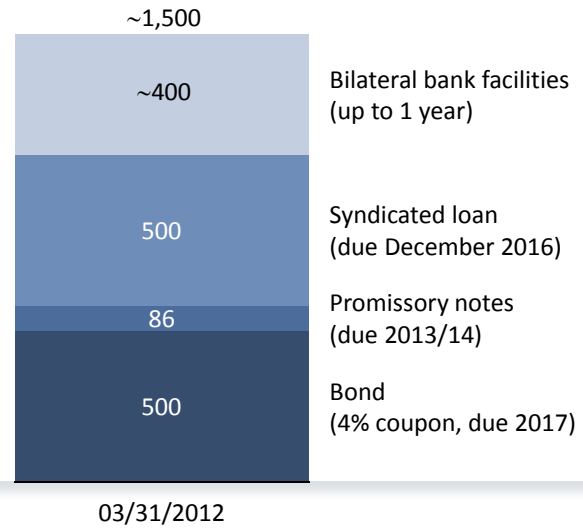


## Streamlining Rheinmetall Improving the financial stability

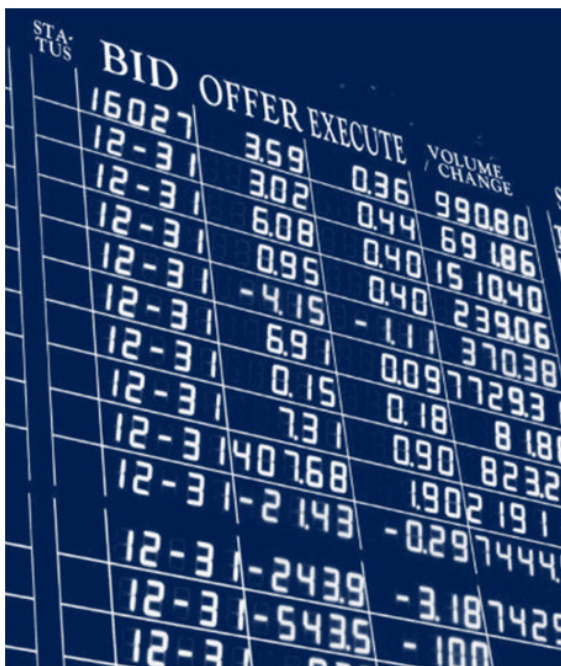
Equity % of total assets



Cash credit facilities € million



## Preparing the IPO of Rheinmetall Automotive Opening new strategic chances



- ▶ Motivation: providing both Automotive and Defence with **greater strategic flexibility**
- ▶ Intention: creating a solid basis for **sustainably improving shareholder value** of both Rheinmetall and KSPG
- ▶ Process: **Rheinmetall** will initially remain **majority shareholder** in KSPG, but intends to give up control of the company in steps
- ▶ Timing: **before summer break 2012**, utilizing the utmost flexibility, **but** dependent on further development of capital markets





## The advantages of an Automotive IPO for Rheinmetall



- ▶ Rheinmetall would be the only **pure-play listed defence company** in Continental Europe
- ▶ As a “pure player” in defence, Rheinmetall could benefit from the **discontinuation of the conglomerate discount** and **attractive Defence multiples**
- ▶ Rheinmetall would be in a position to **shape actively the impending industry consolidation process**
- ▶ **Rheinmetall** will maintain its **investment grade rating** through well-improved financial ratios



## Rheinmetall as a pure defence player Unlocking the conglomerate discount

|                           | PER (current FY) |             |             | PER (next FY) |             |             | EV/EBITDA   |             |             |
|---------------------------|------------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|
|                           | as of:           | 12/04/02    | 12/05/02    | 12/06/04      | 12/04/02    | 12/05/02    | 12/06/04    | 12/06/04    | 12/06/04    |
| <b>Peer Group Defence</b> |                  |             |             |               |             |             | <b>2012</b> | <b>2013</b> |             |
| ATK (US)                  |                  | 6.47        | 6.88        | 7.41          | 7.94        | 8.51        | 7.13        | 4.54        | 4.68        |
| BAE Systems (EU)          |                  | 7.47        | 7.32        | 6.69          | 7,26        | 7.09        | 6.48        | 4.19        | 4.12        |
| Chemring (EU)             |                  | 7.21        | 7.03        | 5.71          | 6.99        | 6.74        | 5.41        | 4.88        | 4.61        |
| Cobham (EU)               |                  | 10.78       | 10.41       | 9.98          | 10.27       | 10.13       | 9.72        | 6.35        | 6.25        |
| Finmeccanica (EU)         |                  | 9.67        | 7.06        | 5.93          | 6.44        | 4.99        | 4.20        | 3.94        | 3.51        |
| GD (US)                   |                  | 10.00       | 9.39        | 8.77          | 9.49        | 8.88        | 8.25        | 5.34        | 5.27        |
| SAAB (EU)                 |                  | 9.89        | 9.03        | 8.95          | 8.88        | 8.12        | 8.04        | 2.21        | 2.24        |
| Thales (EU)               |                  | 9.81        | 9.09        | 8.10          | 8.38        | 7.81        | 6.96        | 3.32        | 3.03        |
| <b>Average</b>            |                  | <b>8.91</b> | <b>8.28</b> | <b>7.69</b>   | <b>8.21</b> | <b>7.78</b> | <b>7.02</b> | <b>4.35</b> | <b>4.21</b> |
| <b>Rheinmetall</b>        |                  | <b>8.12</b> | <b>7.76</b> | <b>6.05</b>   | <b>7.45</b> | <b>7.17</b> | <b>5.68</b> | <b>2.67</b> | <b>2.50</b> |



## Innovative products with excellent market positions

### Basis of future organic growth



**Infantry fighting vehicle (IFV)  
Puma**

- ▶ Latest technology in IFV segment worldwide
- ▶ Reduction of ordered number in Germany will not seriously affect P&L
- ▶ Considerable export market potential when being on duty



**Multi-role armoured vehicle  
Boxer**

- ▶ First vehicles delivered to German forces
- ▶ In H2 2012 start of serial production in the Netherlands
- ▶ Excellent market opportunities since being combat-proven in Afghanistan



**Multi-role armoured vehicle  
Fox**

- ▶ “Experiencing its second life”
- ▶ Upgrade program in Germany and the US
- ▶ Latest generation Fox 2 for UAE and Algeria



## Innovative products with excellent market positions

### Basis of future organic growth



**C-RAM (MANTIS)**

- ▶ Final testings recently successfully passed
- ▶ Worldwide unique in counter-RAM technology
- ▶ Substantial market potential for military sites, camps and critical national infrastructure



**Protection systems**

- ▶ Strongly growing market
- ▶ Rheinmetall as a full-range provider: softkill, passive and active protection
- ▶ Outstanding market potential due to the revolutionary ADS technology



**Rapid obscuring system  
ROSY**

- ▶ Generating smoke screens for self-protection or riot control
- ▶ Installed in vehicles, reacting faster than competitive products
- ▶ Interest of German forces, first fundings budgeted (2012-2015)



## Innovative products with excellent market positions

### Basis of future organic growth



#### Electro-optical components

- ▶ Strengthened by the acquisition of Simrad
- ▶ Stronger marketing position by being integrated into new organizational structure



#### Turret system Lance

- ▶ Medium-calibre turret available in a two-man configuration and as a remote control system
- ▶ Attractive component solution even chosen by competitors



#### Ammunition

- ▶ Traditional core competence with high margin potential
- ▶ Long-term partnering agreements with UK forces and the Netherlands



## New markets penetration

### Securing future growth by large-scale orders in new markets



#### Industrial cooperation with Algeria

- ▶ Contract for 54 vehicles signed in 2011 (€ 175 million)
- ▶ Order for education of Algerian workers booked in Q2 (€ 35 million)
- ▶ Further deliveries as well as license contracts in negotiation
- ▶ Expected term: about 10 years



#### Market entry in Russia

- ▶ Contract for one combat training center signed (> € 100 million)
- ▶ Further training centers planned
- ▶ Market entry for mobile joint operation centers achieved



#### Military logistic vehicles for Australia

- ▶ Down-selected as preferred bidder for military logistic vehicles (more than 2,000 units)
- ▶ Negotiations recently started, order expected in 2013



## Outstanding order situation

### Medium-sized orders recently received or presently expected



#### Air Defence systems and services for Asian countries

- ▶ Two orders received in Q2, another one almost fixed
- ▶ Containing radar systems, fire guns, services and training
- ▶ Total volume: > € 200 million



#### Future soldier system for German forces

- ▶ Order of 300 future soldier systems (including an option of further 600)
- ▶ Expected volume: € 45 million (plus option: € 70 million)



#### Service provider contract for unmanned aerial vehicles

- ▶ Prolongation of the service provider contract for Heron drones in Afghanistan
- ▶ Expected volume: € 62 million

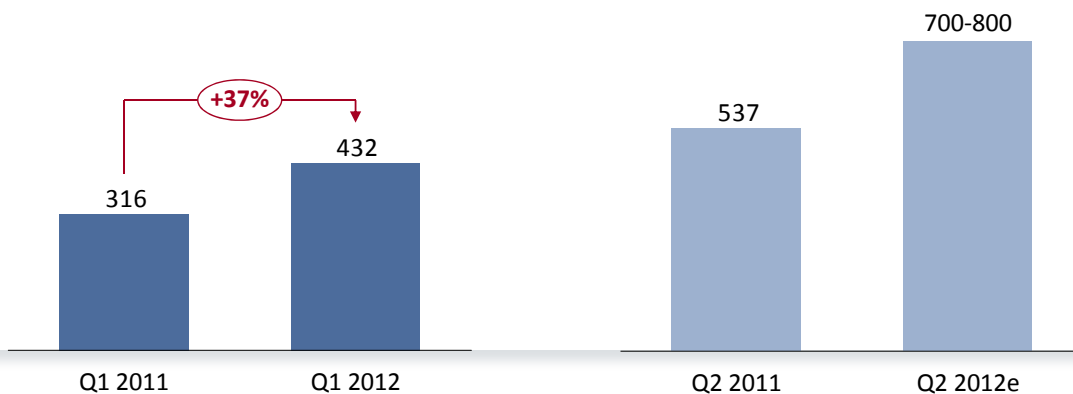


## Quarterly order intake

### Considerable improvement compared to previous year

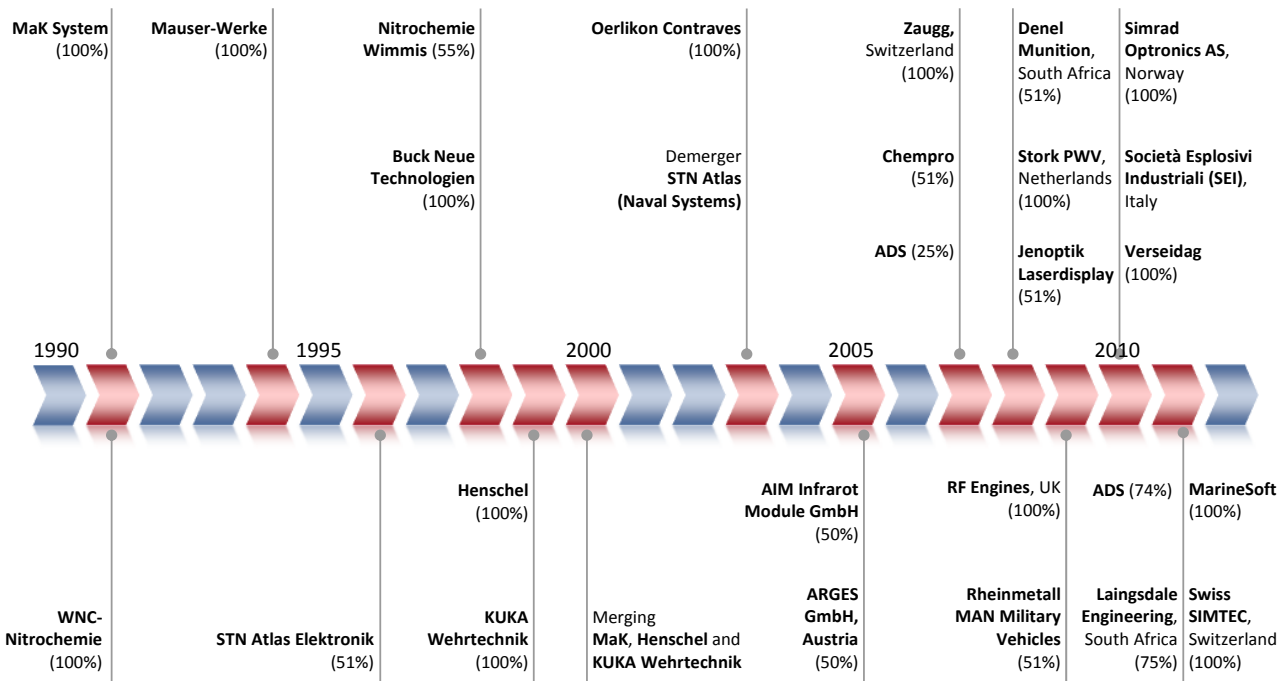
Order intake Q1 2011 vs. Q1 2012 € million

Order intake Q2 2011 vs. expected Q2 2012 € million

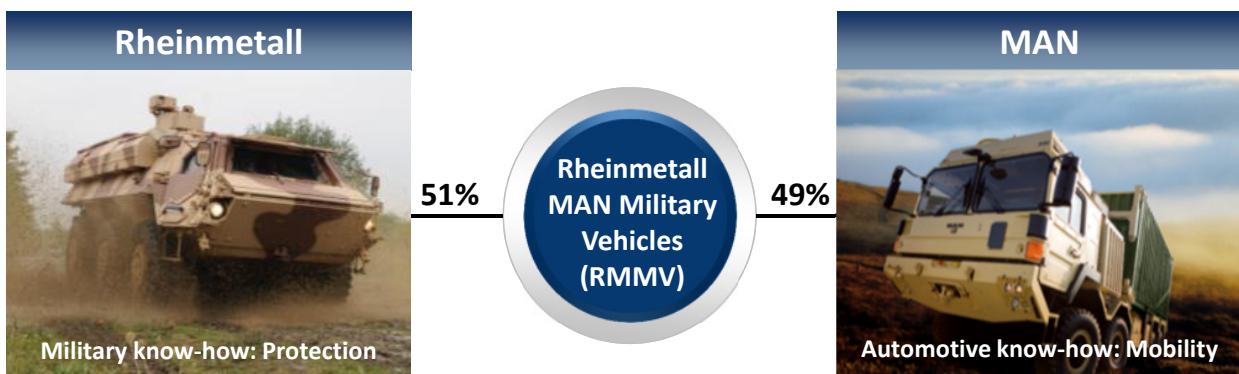




## Continuation of the acquisition and the joint venture policy Success by both national and international acquisitions



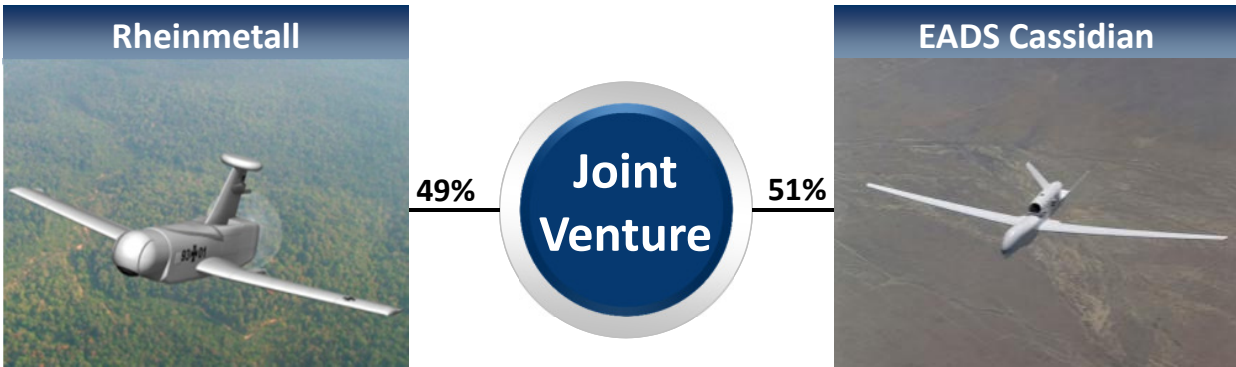
## Combining two coherent know-hows Full consolidation of RMMV by Rheinmetall from 2012 on



- ▶ May 2010: Combination of development and marketing activities (400 employees)
- ▶ December 2011/ January 2012: Integration of production plants Vienna and Kassel (additional 930 employees)



## Strengthening the business with a strong partner Contract on joint venture with Cassidian signed



- ▶ Consolidation of national capabilities
- ▶ Formation of a supplier offering the full spectrum of unmanned aerial vehicles
- ▶ Strengthening of the international competitive situation and of international sales
- ▶ Enlargement of development resources



## Capturing new international markets for tank ammunition Contract on joint venture with General Dynamics signed

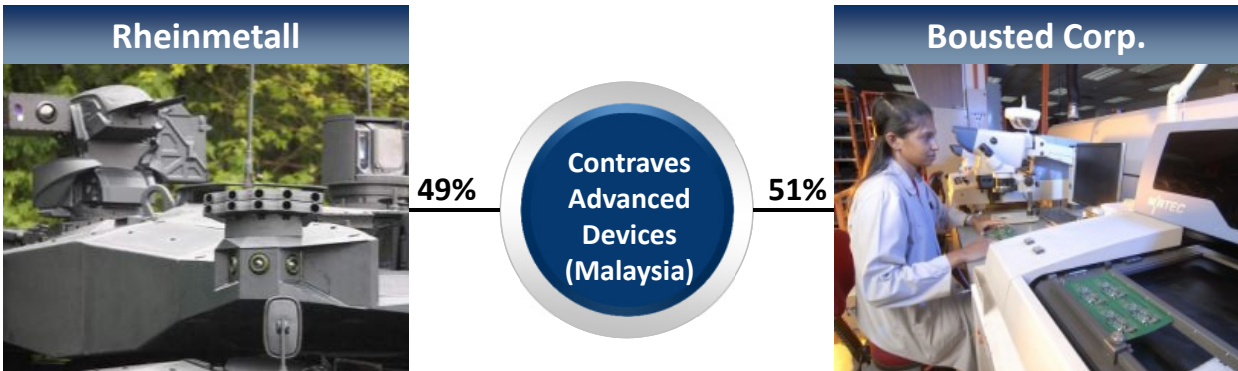


- ▶ Combination of Rheinmetall's and General Dynamics' know-how in tactical tank ammunition
- ▶ Joint marketing efforts, workshare remains with parent companies
- ▶ Advantage for Rheinmetall: access to potential international markets considerably enlarged





## Creating a strong partnership with a domestic company in Asia Competence for manufacturing and assembling electronic systems

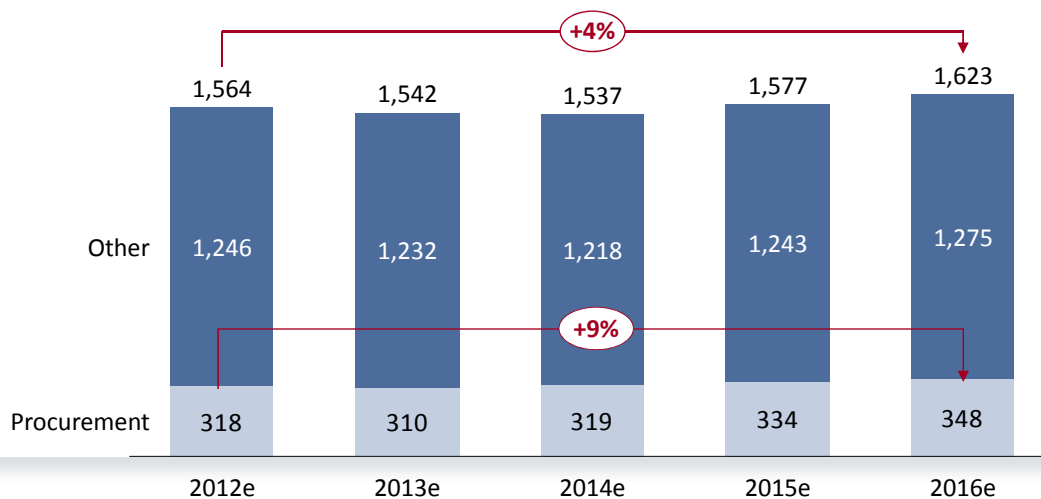


- ▶ One of Malaysia's leading electronic systems manufacturing and service company
- ▶ Sale of majority stake to Malaysian industrial holding Boustead Corp. in June 2010
- ▶ Intention: capturing the Asian markets together with a domestic partner



## Defence industry in a challenging environment Global defence budgets will continue to grow, but differently by regions

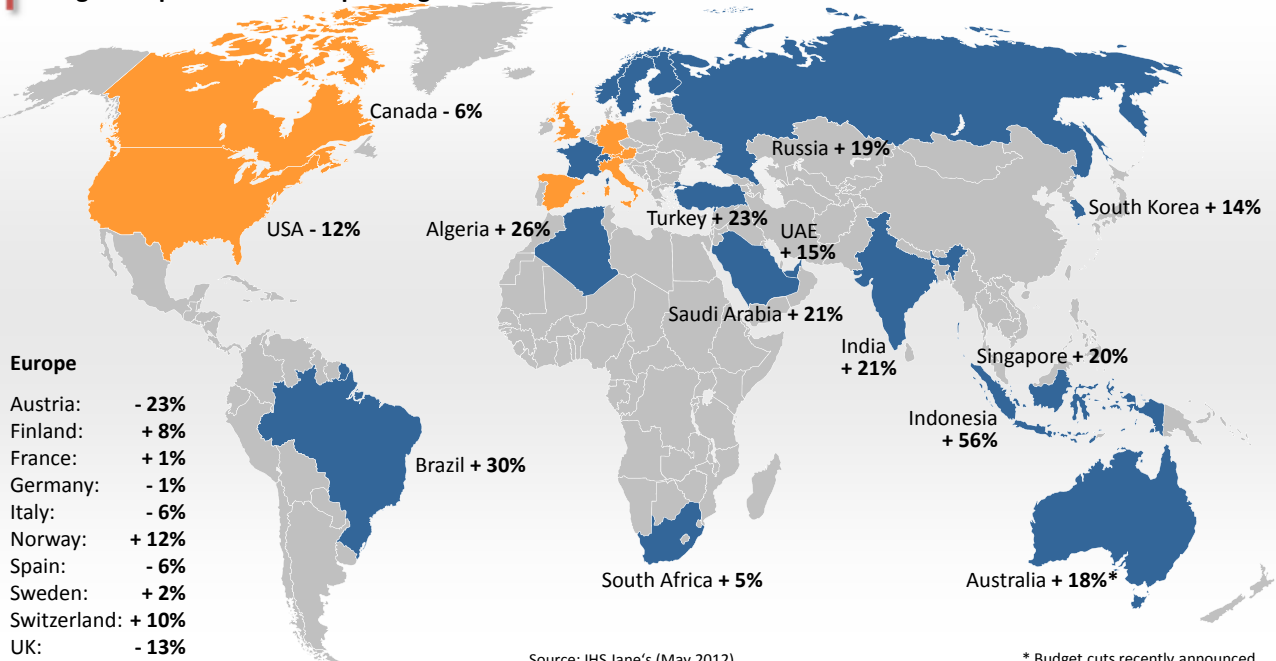
Expected global defence spending and procurement *US\$ billion*





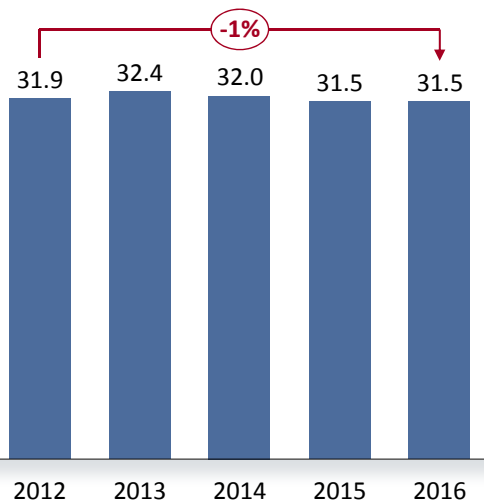
## Budget cuts in the US and in many European countries... ...but strong growth in other strategically important regions

Change in expected defence spending 2016 vs. 2012



## Focus on domestic market Domestic market not hit by severe austerity measures

Top down defence budget planning  
of Department of Treasury € billion



- ▶ German defence budget will remain almost stable until 2016
- ▶ Defence budget cuts of € 8 billion and above – as previously concerned – are not part of the budget planning any longer

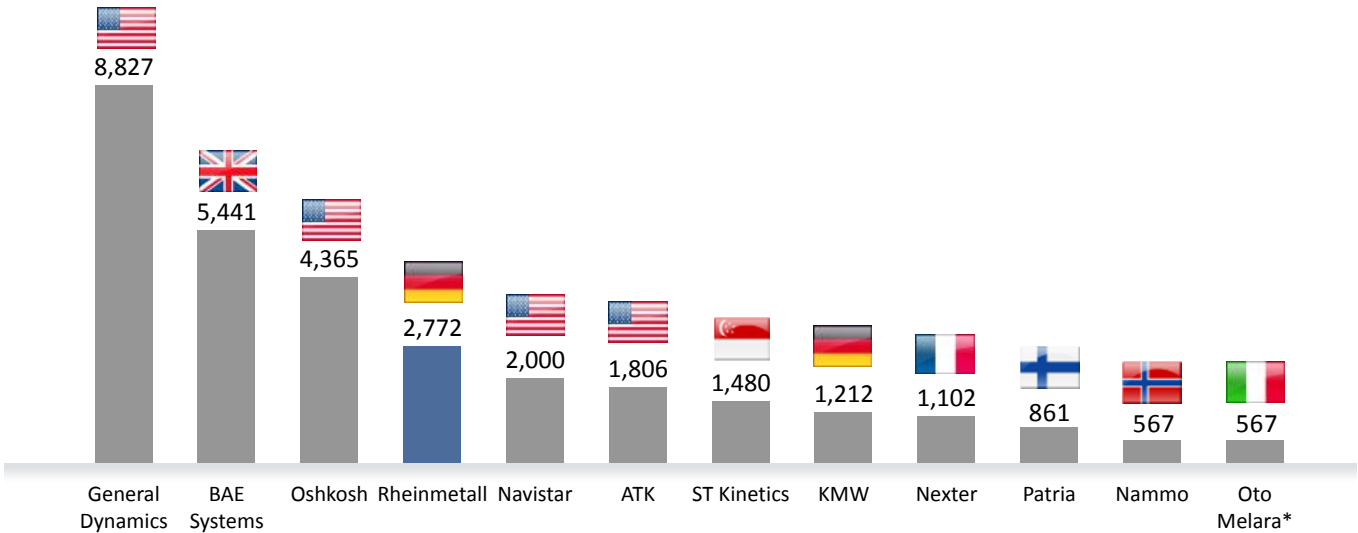




# International ranking

## Rheinmetall is no. 4 worldwide in the land systems industry

Sales 2011 US\$ million



Source: Rheinmetall team analysis, DefenceNews

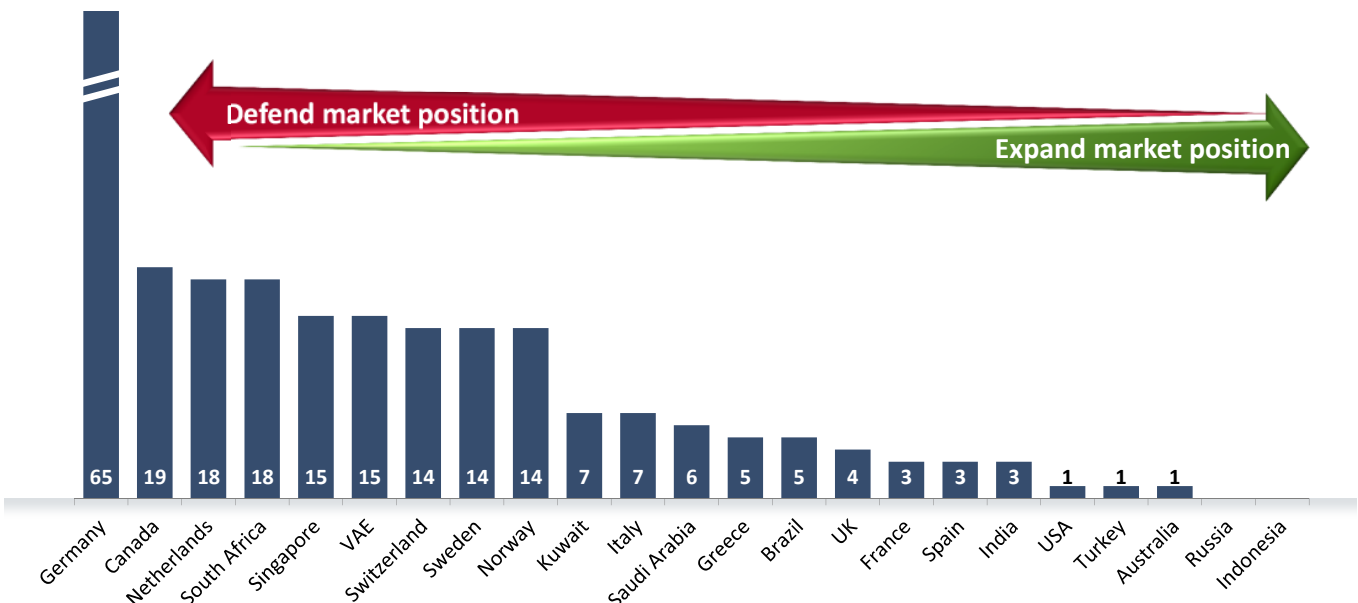
\* Sales 2010



# Rheinmetall share of international army procurement

## Growth potential by expanding positions in low-percentage countries

Rheinmetall share of army procurement in %

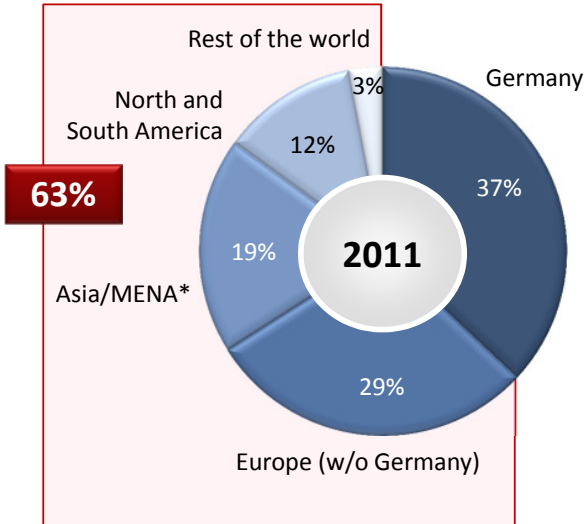


Source: Jane's Defence Budgets 2012

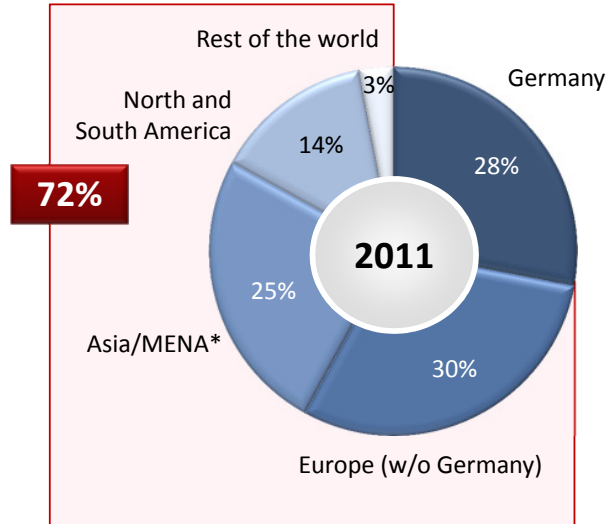


## Almost three quarters of order intake from abroad Non-domestic sales will grow further

Sales 2011 by region in %



Order intake 2011 by region in %

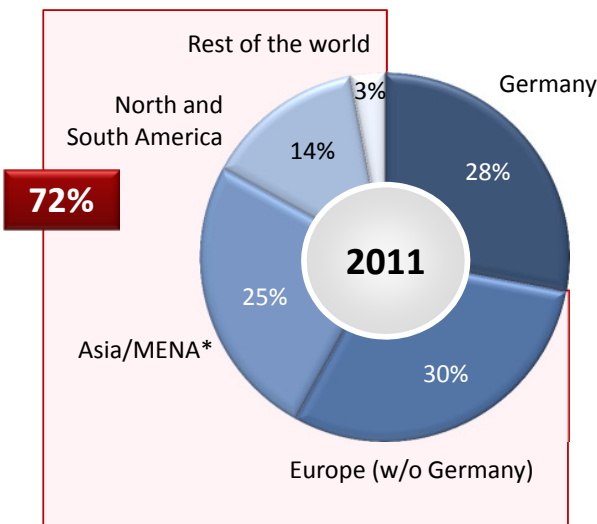


\* MENA = Middle East/North Africa

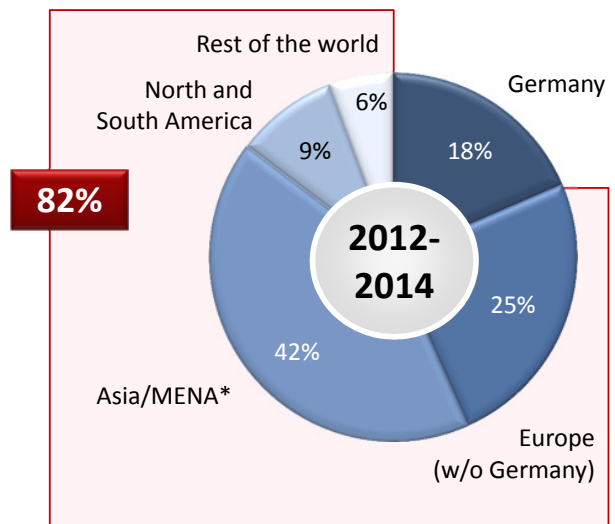


## More than 80% of future orders expected from abroad Defence will become more independent from budget restrictions

Order intake 2011 by region in %

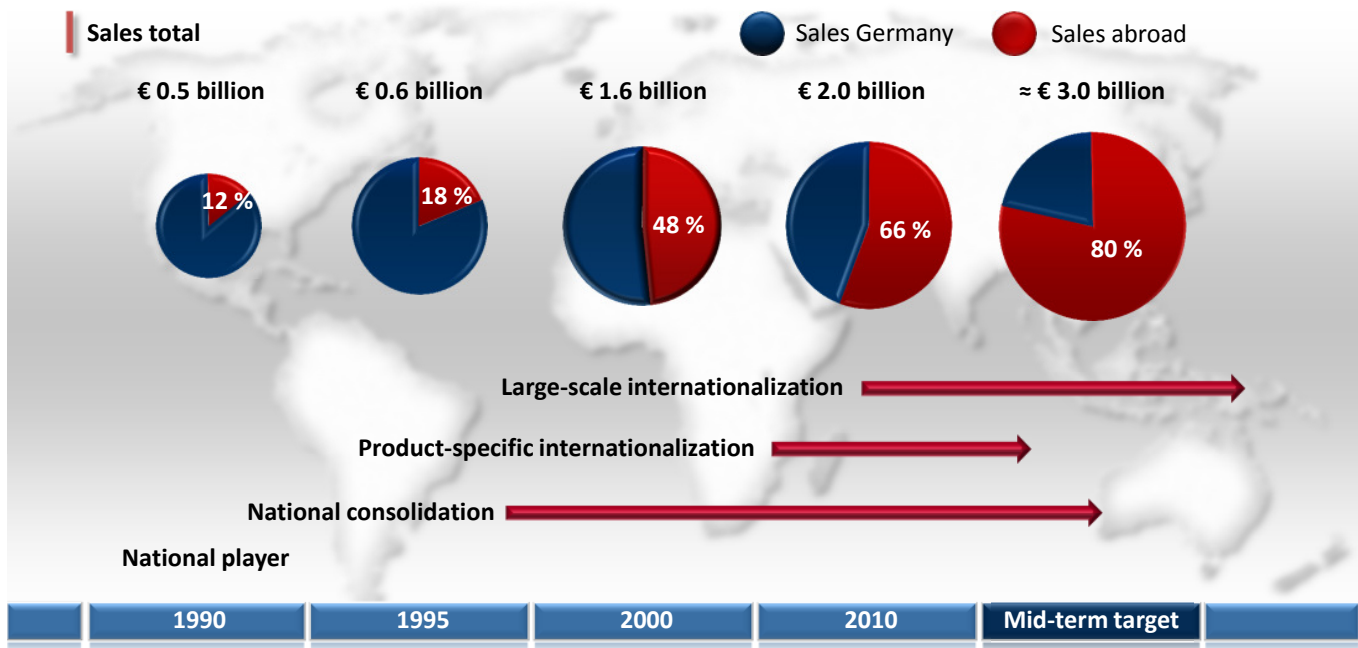


Order intake 2012-2014 by region in %

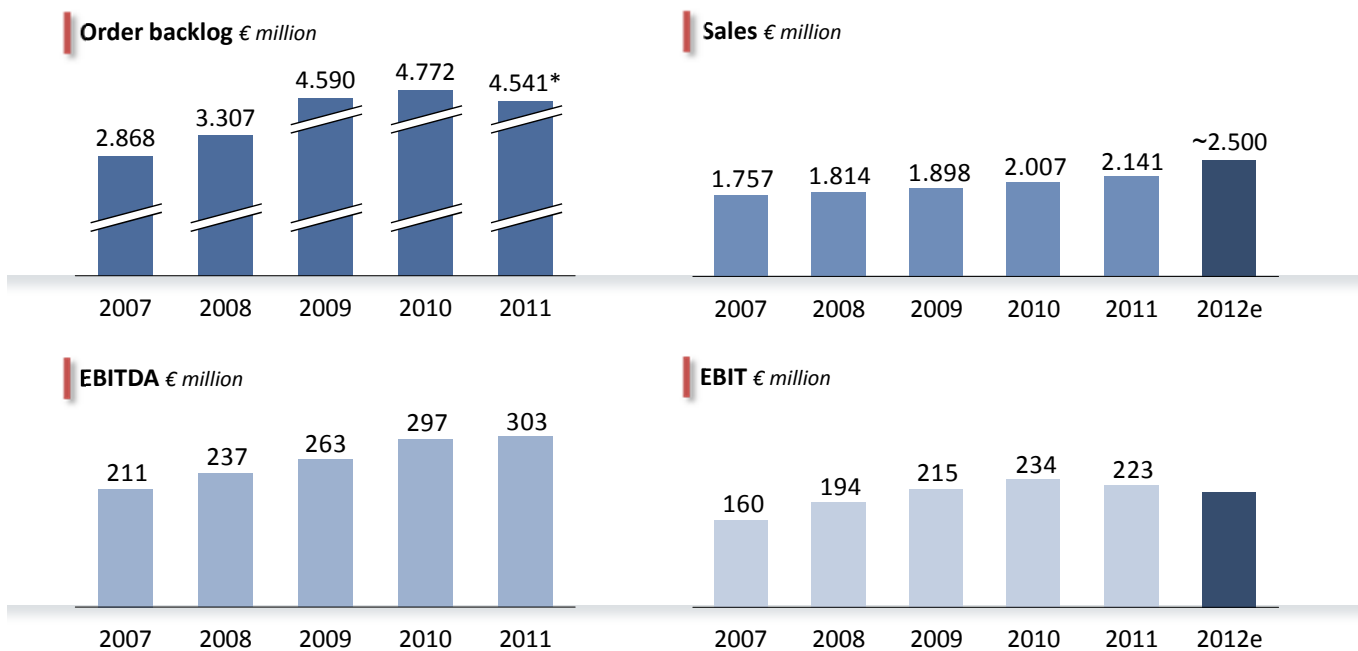


\* MENA = Middle East/North Africa

## Consequent expansion of non-domestic business Strategy of internationalization will provide further growth opportunities



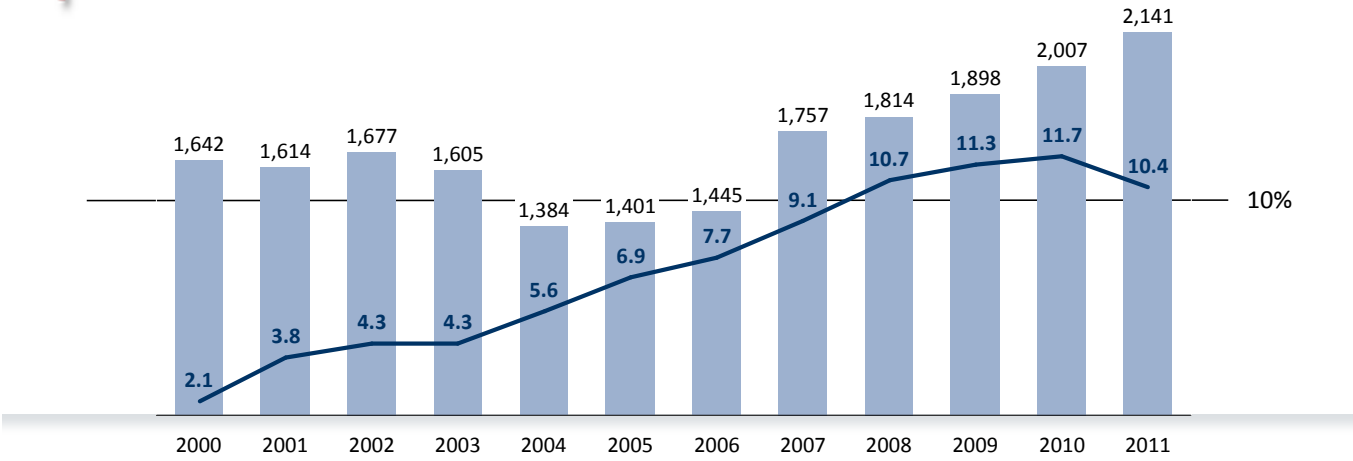
## Defence shows a strong financial performance Strong order backlog secures future growth and profits



\* Revised and adjusted by € 150 million due to the reduction of the number of Puma vehicles

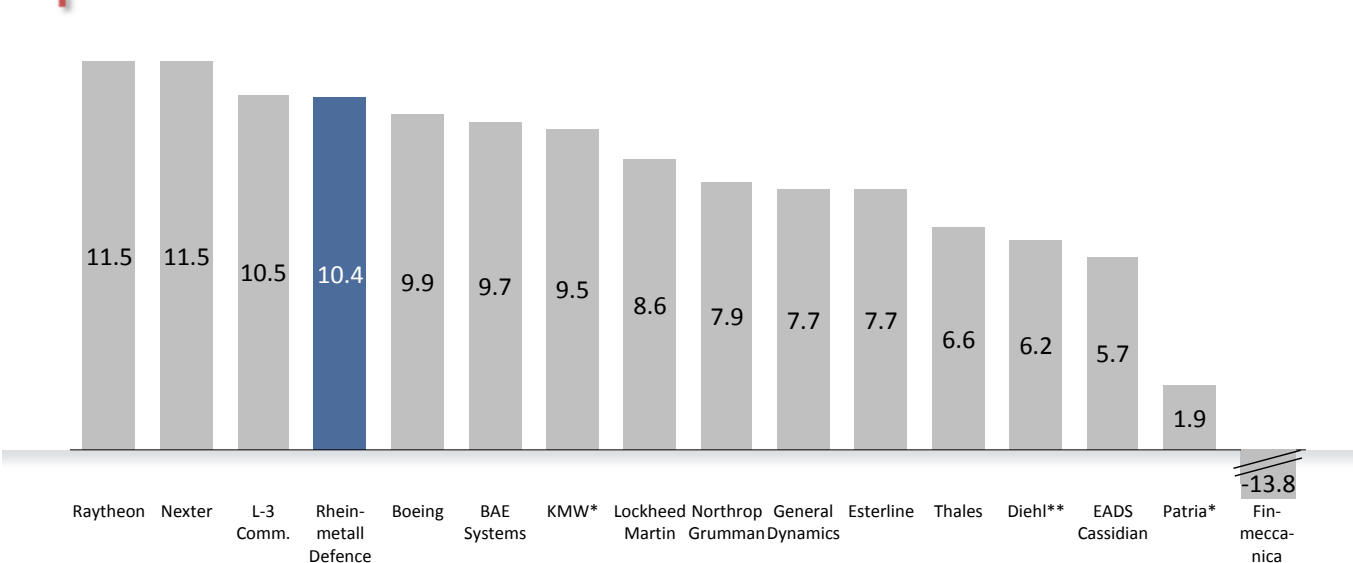
## Defence shows a strong financial performance Double-digit EBIT margin for the fourth time in a row

Sales in € million  
EBIT margin in %



## Defence shows a strong financial performance Rheinmetall performs on the same profitability level as US companies

EBIT margin 2011 in %



Source: Defense News (2011)

\* Figures 2010  
\*\* Figures 2009



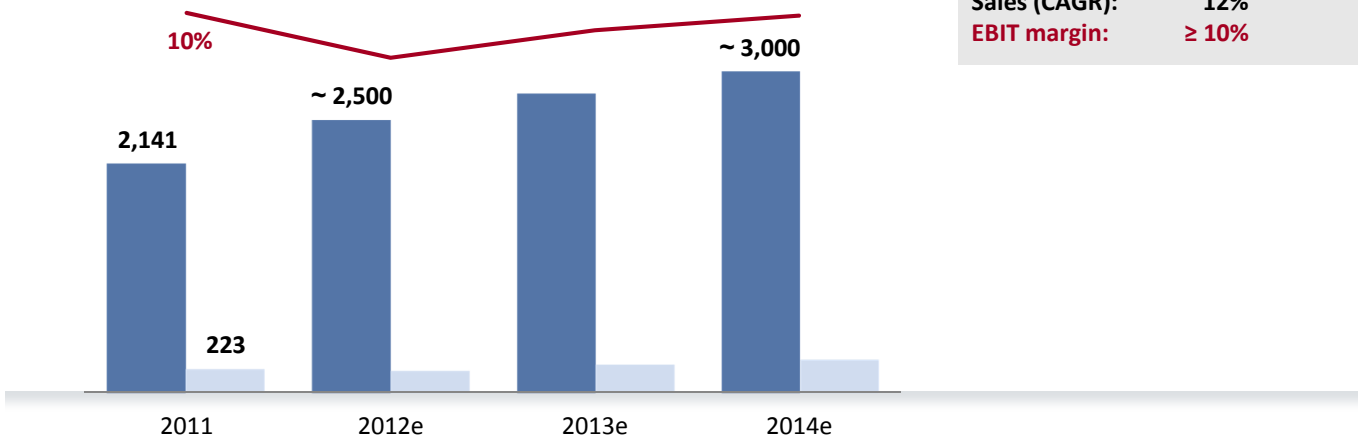
## Mid-term targets

### Further growth and double-digit profitability

Sales in € million  
EBIT margin in %

#### Mid-term targets

Sales (CAGR): 12%  
EBIT margin:  $\geq 10\%$



## Highlights

### The story of Rheinmetall goes on...



- ▶ **IPO of Automotive segment** for providing both segments with the utmost flexibility
- ▶ Always **strong focus on shareholder value**
- ▶ Automotive at a **record level**, Defence preparing for **future growth**
- ▶ **Excellent products and market positions** continue to be important growth drivers
- ▶ **Strategy of internationalization** in Defence in order to utilize market shifts
- ▶ Ambition: being prepared for an **accelerated consolidation** of the European defence industry

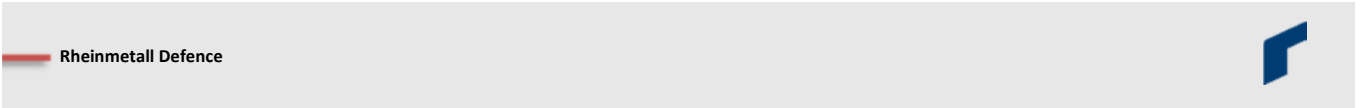




## Focusing forces for the future

Capital Markets Day 2012 | Düsseldorf, 13 June 2012  
 Helmut P. Merch, CFO, Rheinmetall Defence

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## New structure since January 2012 Leading European Defence Company



### Rheinmetall Defence

Sales: € 2,1 billion  
 Employees: 9,800

#### Combat Systems

Sales : € 1.1 billion

Combat Platforms

Infantry

Protection Systems

Propulsion Systems

Combat International

#### Electronic Solutions

Sales: € 0.8 billion

Air Defence Systems

Defence Electronics

Electro-optical Equipment

Simulation and Training

#### Wheeled Vehicles

Sales: € 0.3 billion

Logistic Vehicles

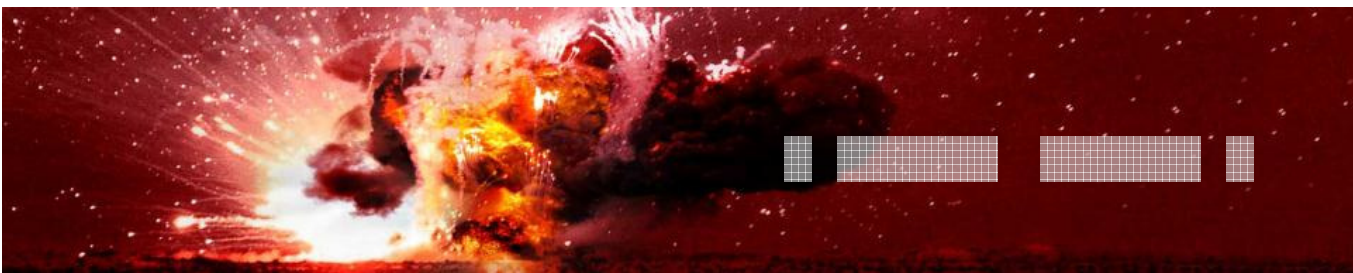
Tactical Vehicles

Sales figures fiscal year 2011, Inter-company sales consolidated, Consolidation of Logistic Vehicles since 2012, Employees per year's end

## Advantages for the reorganization of Rheinmetall Defence

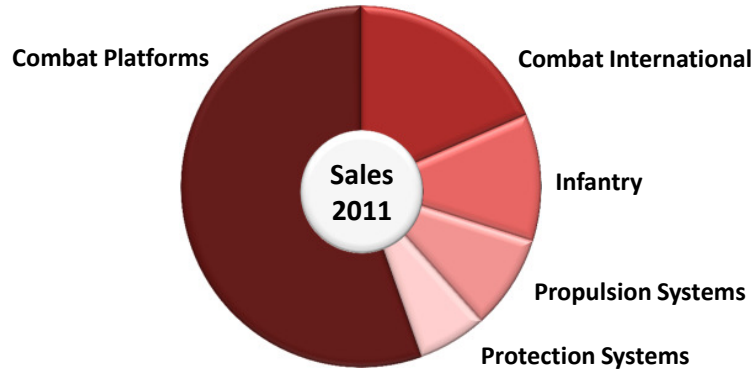
- Improved **customer and market orientation** with clearly defined business units in order to strengthen the **competitiveness of the Defence group**
- Maintaining the principle **“Entrepreneur within the company”**
- Modular structure of the divisions allows a faster and smoother **integration of further acquisitions**, joint ventures and cooperations

## Division Combat Systems



**2011**

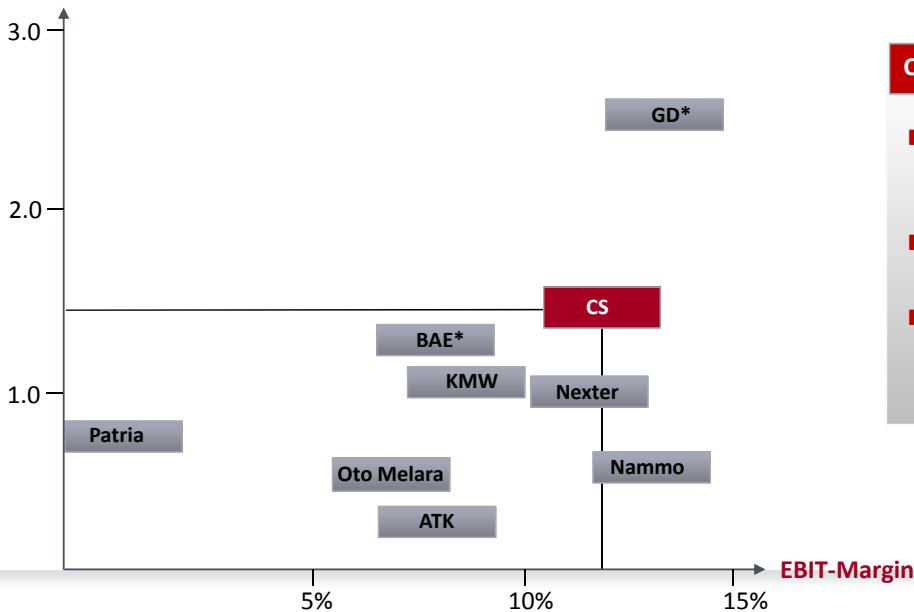
|                                |
|--------------------------------|
| Sales:<br>€ 1.1 billion        |
| Order intake:<br>€ 0.9 billion |
| Employees:<br>5,500            |





# Combat Systems Competitive Landscape (1)

Sales in USD billion

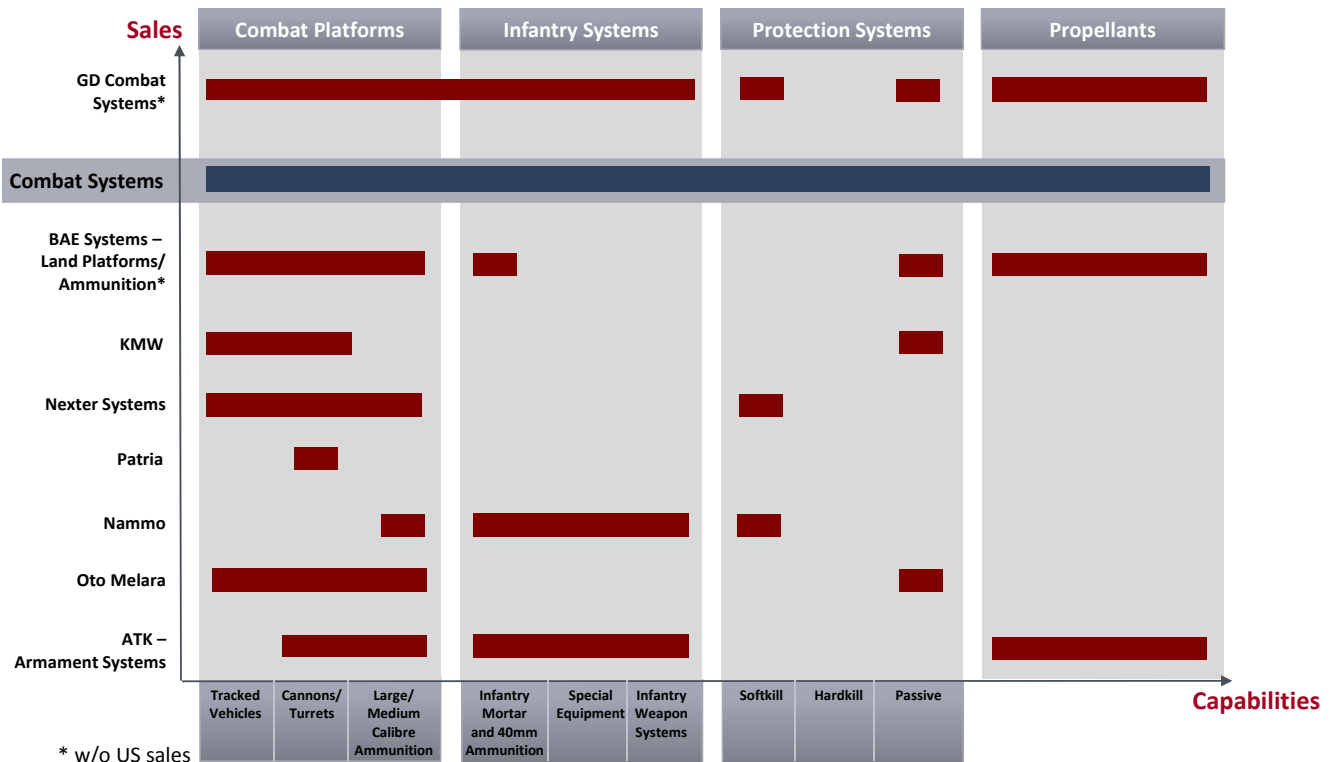


**Combat Systems (CS)**

- Leading and one of the most profitable suppliers of combat systems in Europe
- Leading European supplier of propellants
- Most diversified (Softkill, Hardkill, Passive) protection portfolio

\* w/o US sales

# Combat Systems Competitive Landscape (2)



\* w/o US sales



## Combat International Targets and tasks



- More effective coordination of the international business activities of Combat Systems
- Managing production sites in Italy, Canada, USA, South Africa
  - ⇒ Target: link the international plants and create synergies
- Steering sales offices for Europe (Scandinavia, UK, Netherlands), Asia and South America
  - ⇒ Target: implement additional hubs in growth markets



## Combat Platforms Targets and tasks



120mm tank ammunition

Lance turret

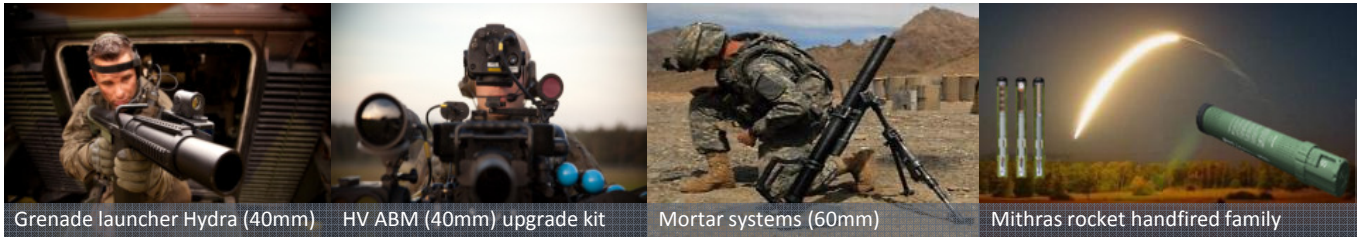
Infantry fighting vehicle Puma

Support vehicle Kodiak

- Safeguarding the no 1 market position in Europe and no 3 worldwide in the medium and large caliber weapon and ammunition business
- Securing a smooth ramp-up of the serial Puma production
- Marketing the Lance turret, presently the most advanced manned medium-caliber turret system
- Enlarging the international service business
- Shaping the profile and securing competitiveness by a fast and focused restructuring process of the tracked military vehicle business



## Infantry Targets and tasks



Grenade launcher Hydra (40mm)

HV ABM (40mm) upgrade kit

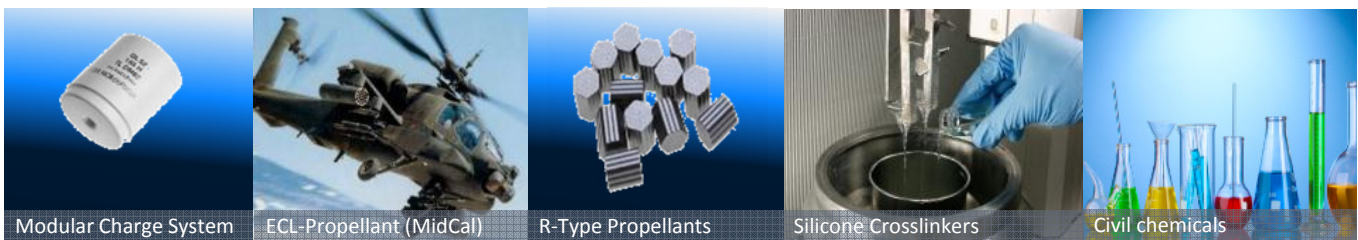
Mortar systems (60mm)

Mithras rocket handfired family

- Creating a one-stop-shop for state of the art - soldier equipment
- Extending global systems leadership for 40mm weapons and ammunition, mortar systems, fuse-technology including ABM (air-burst ammunition)
- Continuation of the smart acquisition strategy by taking over businesses in profitable niches



## Propulsion Systems Targets and tasks



Modular Charge System

ECL-Propellant (MidCal)

R-Type Propellants

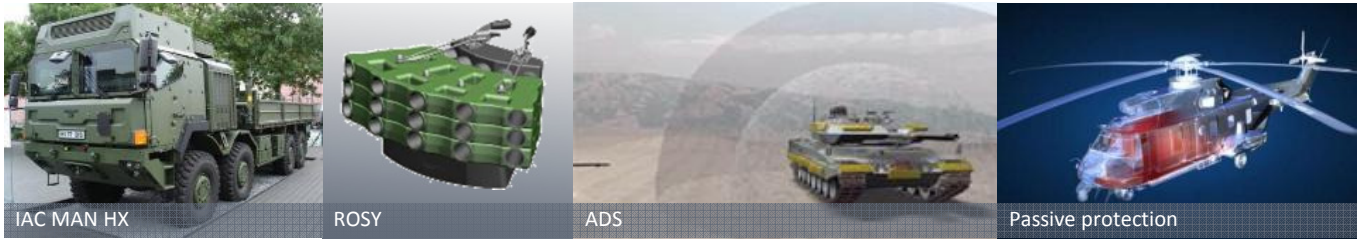
Silicone Crosslinkers

Civil chemicals

- Maintaining the no. 1 position in Europe as a supplier of powders for artillery and tank ammunition
- Stabilizing the profitable medium-term business with four major customers: Germany, Switzerland, France, United Kingdom
- Developing new international markets outside of Europe: South Korea, South America



## Protection Systems Targets and tasks

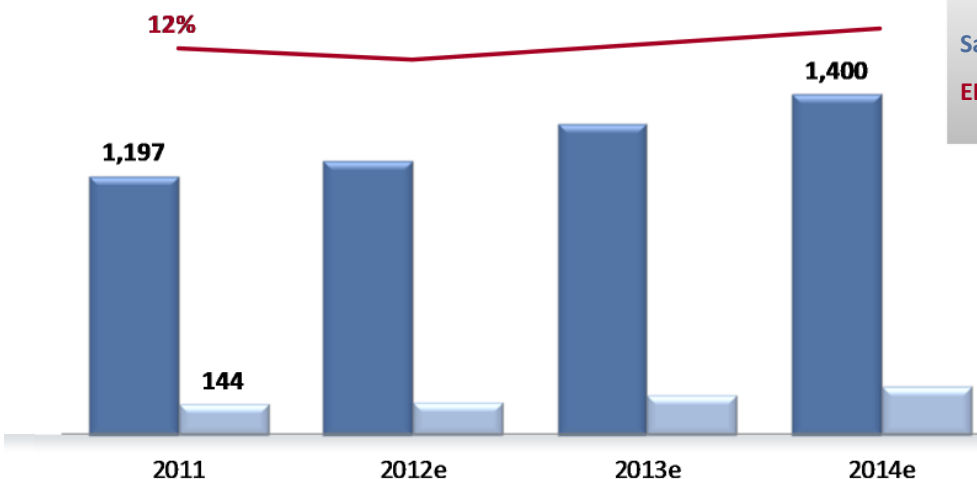


- Securing the unique market position as a full range supplier of highly innovative and profitable products for softkill-solutions (flares, fogs) and for passive protection (Chempro, Verseidag)
- Expanding the active protection business (ADS) and turning the unique technology into a profitable market
- Enhancing marketing activities in the growing protection market



## Combat Systems Financial targets 2012-2014

Sales/EBIT in € million  
EBIT margin in %



### Mid-term targets:

Sales (CAGR):  $\geq 5\%$

EBIT margin:  $\geq 12\%$

## Division Electronic Solutions

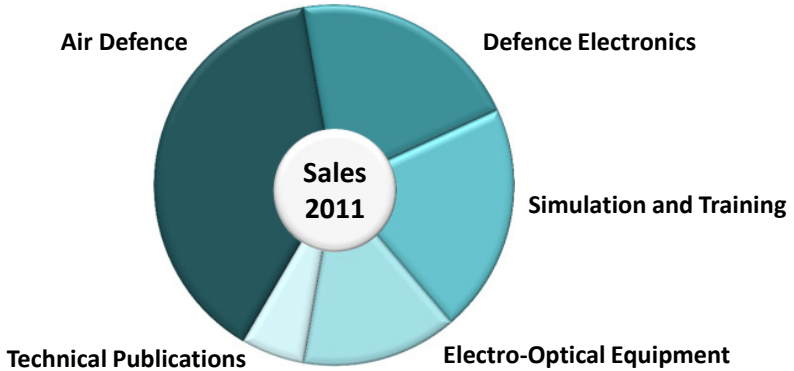


**2011**

Sales:  
€ 0.8 billion

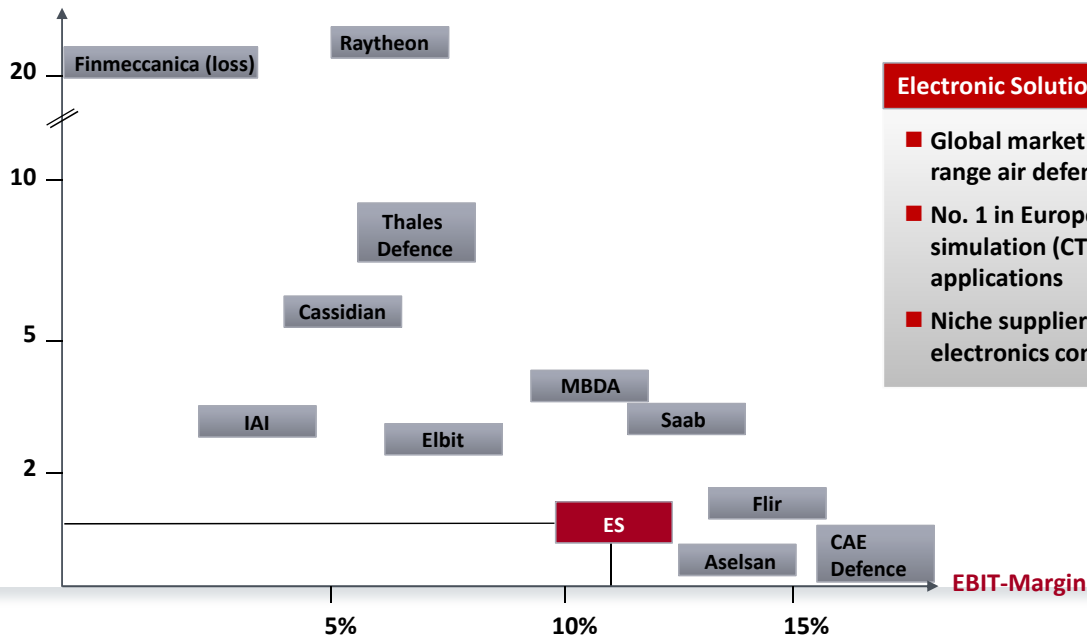
Order intake:  
€ 0.6 billion

Employees:  
3,100



## Electronic Solutions Competitive Landscape (1)

Sales in USD billion

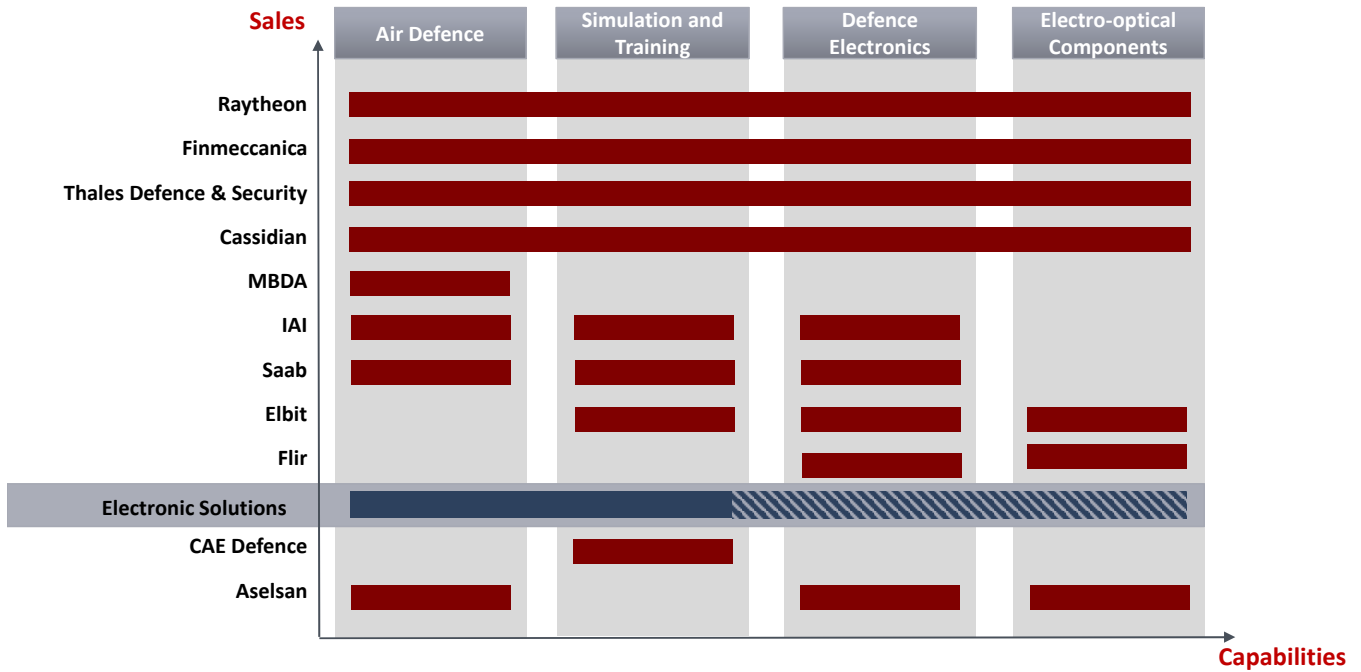


**Electronic Solutions (ES)**

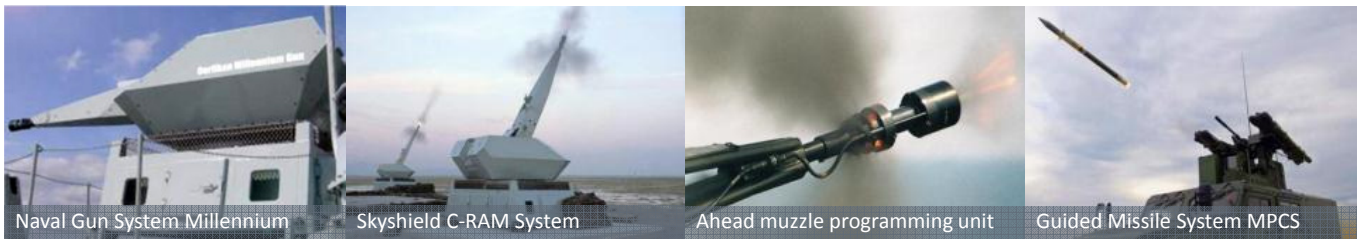
- Global market leader short range air defence (40 countries)
- No. 1 in Europe for live-simulation (CTC) and naval applications
- Niche supplier for defence electronics components



## Electronic Solutions Competitive Landscape (2)



## Air Defence Targets and tasks



- Extending the worldwide marketing of C-RAM as a powerful solution for threats in military operations as well as for protecting civil installations
- Increasing the orderbook by marketing the high competence as a fully integrated systems supplier (sensor, shooter, ammunition) for short range air defence
- Expanding the existing radar technology as a component business





## Simulation and Training Targets and tasks



Combat Training Center

Virtual Simulation

Rear Aircrew Training Aids

AGUS – Navy Simulator

- Implementing the Combat Training Center for Russia (order > € 100 million) and gaining further orders for live-training
- Increasing orders for virtual simulation for army, air force and navy applications
- Improving market positions for military simulation; mid-term goals:
  - defending no. 1 position in Germany
  - becoming no. 1 in Europe (presently no. 2)
  - advancing to the first five suppliers in the world (presently no. 6)



## Defence Electronics Targets and tasks



Soldier systems

Mission systems for vehicles

Mission systems for naval  
and airborne systems

Intelligence for SAT-Com systems

- Implementing the Gladius project (Future Soldier System) in the German forces after winning the serial order, expected in June/July 2012
- Marketing an array of innovative products for fast detection and elimination of immediate threats: e.g. reconnaissance systems, sniper localization
- Expansion of business in the product segment intelligence
- Closing of the joint venture with EADS Cassidian, expected for the end of June 2012



## Electro-optical Equipment Targets and tasks

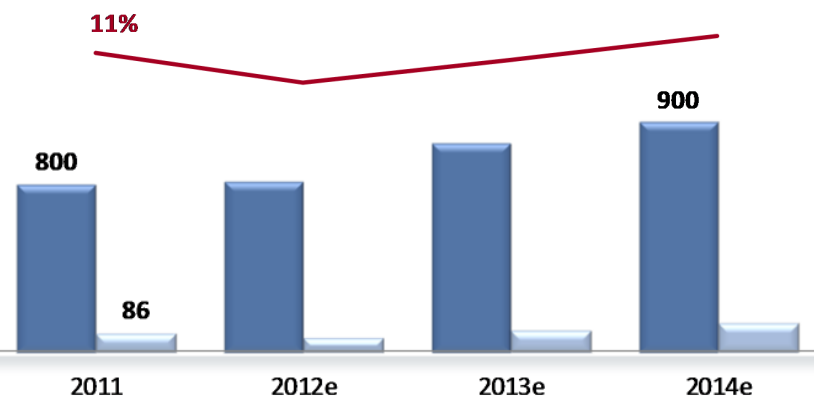


- Combining excellent product know-how for electro-optical sensor components in Germany with the international business potential obtained through the acquisition of Simrad in 2010
- Using the close relationship with Kongsberg (Norway) as the world leader for remote controlled weapon stations to generate further international orders
- Gaining access to new markets by highly specialized components with an excellent price-performance ratio: fire control systems, night vision equipment, camera systems



## Electronic Solutions Financial targets 2012-2014

Sales/EBIT in € million  
EBIT margin in %



### Mid-term targets:

Sales (CAGR):  $\geq 4\%$

EBIT margin:  $\geq 12\%$





## Division Wheeled Vehicles



2011

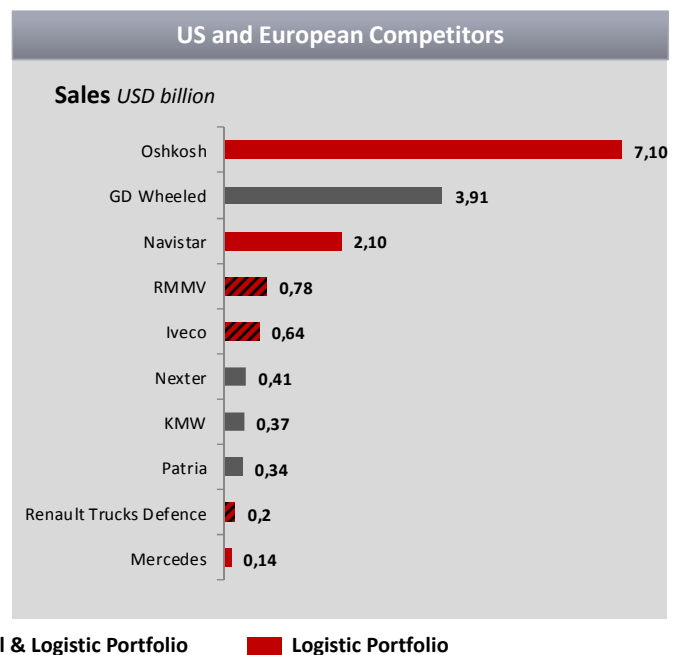
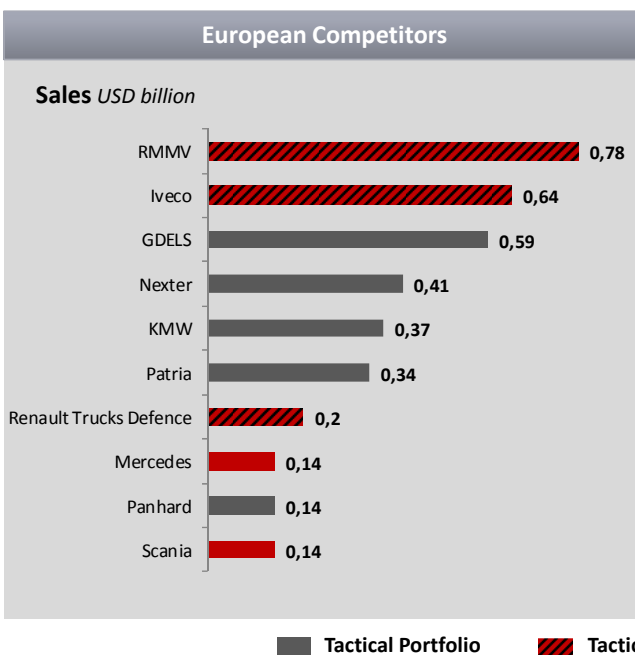
|                |               |
|----------------|---------------|
| Sales*:        | € 0.6 billion |
| Order intake*: | € 0.4 billion |
| Employees:     | 1,200         |



\* Figures 2011 pro forma; logistic vehicles were not consolidated in 2011. Reported figures: Sales € 255 million, order intake € 327 million.



## Rheinmetall MAN Military Vehicles Competitor Overview



Tactical Portfolio
  Tactical & Logistic Portfolio
  Logistic Portfolio

## Logistic vehicles

### New and different business model

#### Fundamental structure:

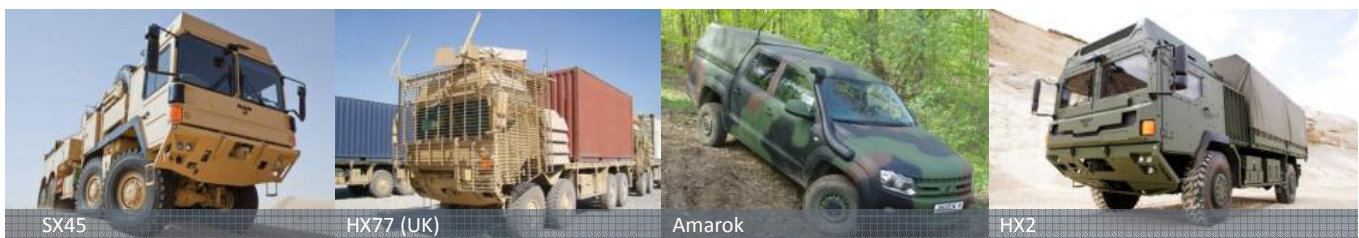
- Business model characterized by assembly production with low working capital and low capex requirements; value-added lower than in the tactical vehicle business
- ROCE satisfactory; focus lies on raising the earnings level
- Earnings-leverage for other Rheinmetall business units by supplying high margin components to RMMV (protected cabins, weapon stations and others)
- The acquisition of at least one or two large orders every two or three years is a must for the profitability of the logistic vehicles segment

#### Improving profitability:

- Establishing a competence center for specialized civil vehicles in the Vienna plant (mid-term production of up to 1,500 units p.a. with a sales volume of € 100-130 million)
- Exploiting the potential for service business, based on the life cycles of military vehicles (20-30 years)
- Intensifying cost management and creating synergies by combining Rheinmetall- and MAN-sales forces

## Logistic Vehicles

### Targets and tasks



- Enhanced focus on the integration of two different business models and corporate cultures after the formation of RMMV on 1 January 2012
- Negotiating the order as sole supplier for Land 121 project in Australia; order intake expected in 2013
- Marketing of two new products: HX2 (advanced HX-version) and light multi-purpose vehicle (LMPV) Amarok M, a militarized version of the civil Amarok pick-up
- Successful acquisition of further large tenders, i.e. Canada, Scandinavia, Singapore, Netherlands

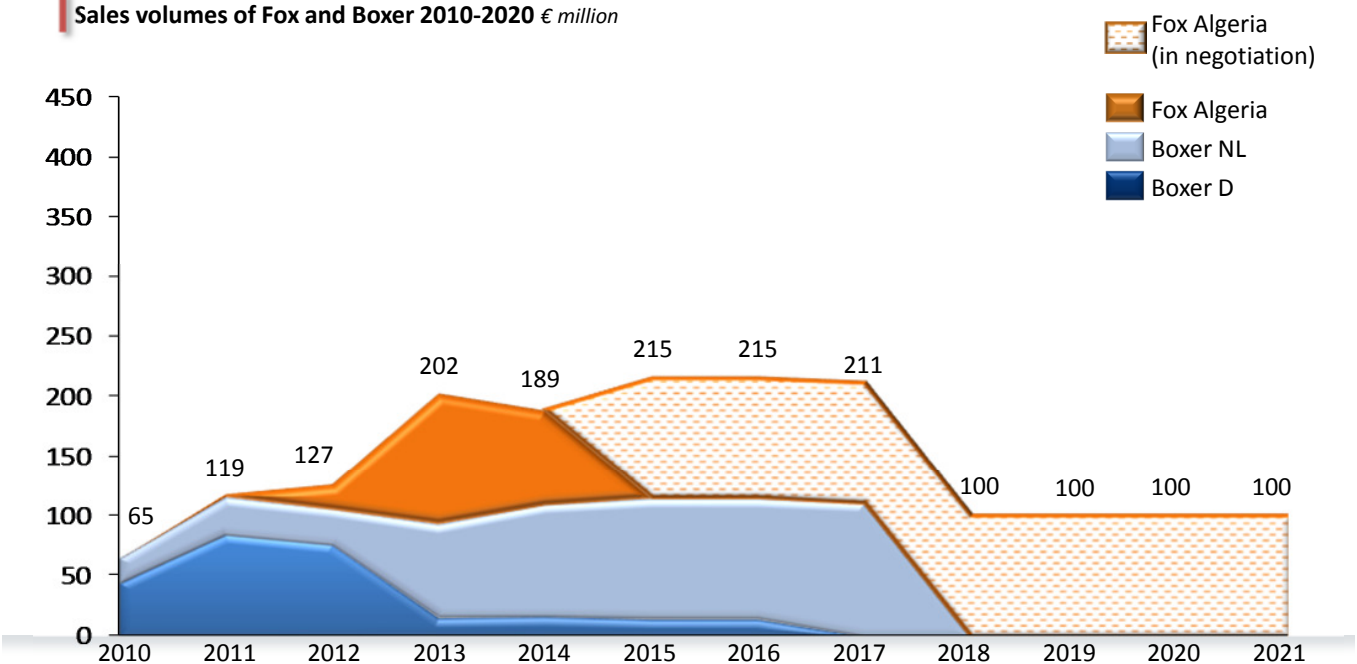
## Tactical Vehicles Targets and tasks



- Securing basic capacity utilization in the coming ten years by the ongoing Algerian project
- Smoothly ramping up the serial production of the Boxer tank for the Netherlands (2013-2017)
- Enhancing acquisition efforts for the Boxer in other countries, supported by the successful deployment of the tank in Afghanistan
- Selling the highly protected AMPV (Armored Multi-Purpose Vehicle) to the German army and starting the international marketing campaign

## Wheeled Vehicles Sales contribution of Fox and Boxer

Sales volumes of Fox and Boxer 2010-2020 € million





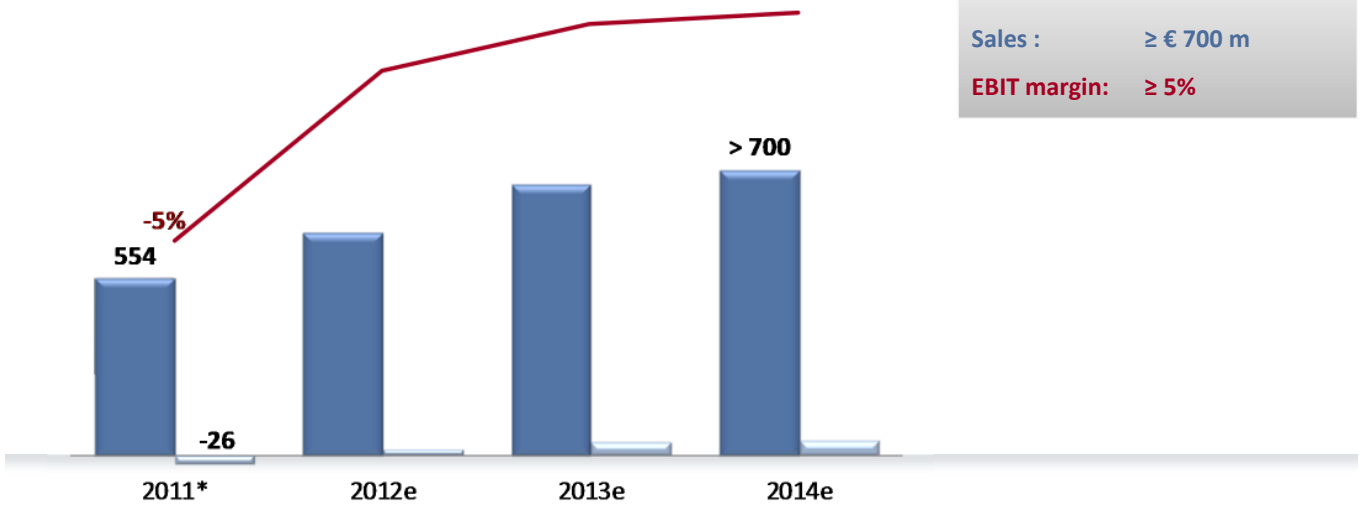
## Wheeled Vehicles Financial targets 2012-2014

Sales/EBIT in € million  
EBIT margin in %

Mid-term targets:

Sales :  $\geq$  € 700 m

EBIT margin:  $\geq$  5%



\* Figures 2011 pro forma; logistic vehicles were not consolidated in 2011. Reported figures: Sales € 255 million

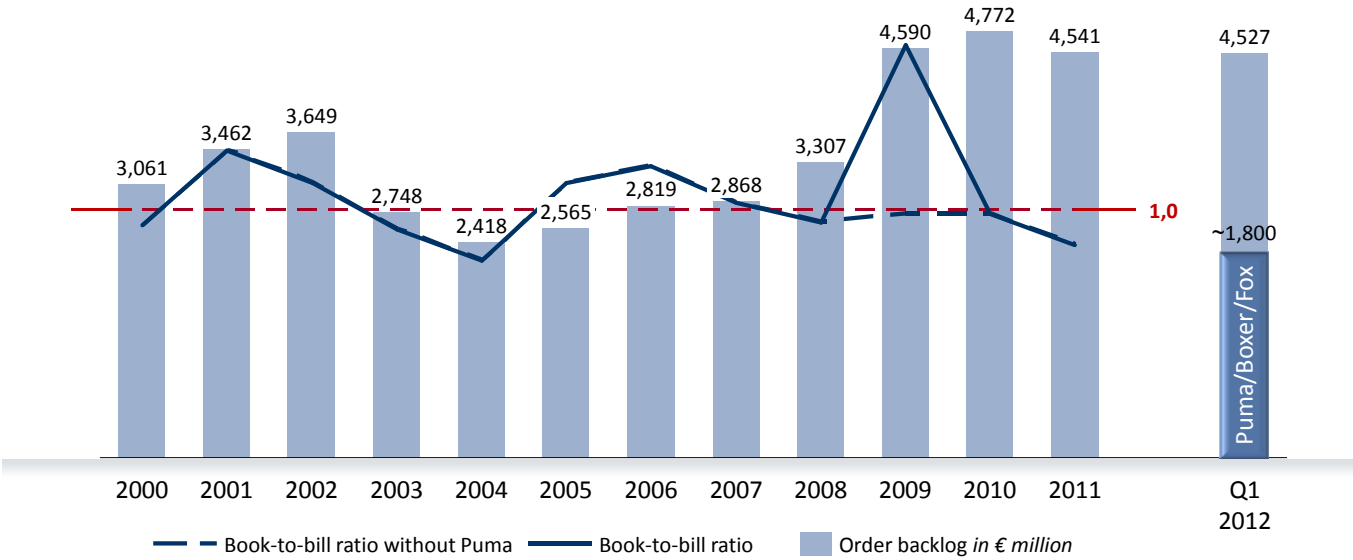


## Rheinmetall Defence Financial figures



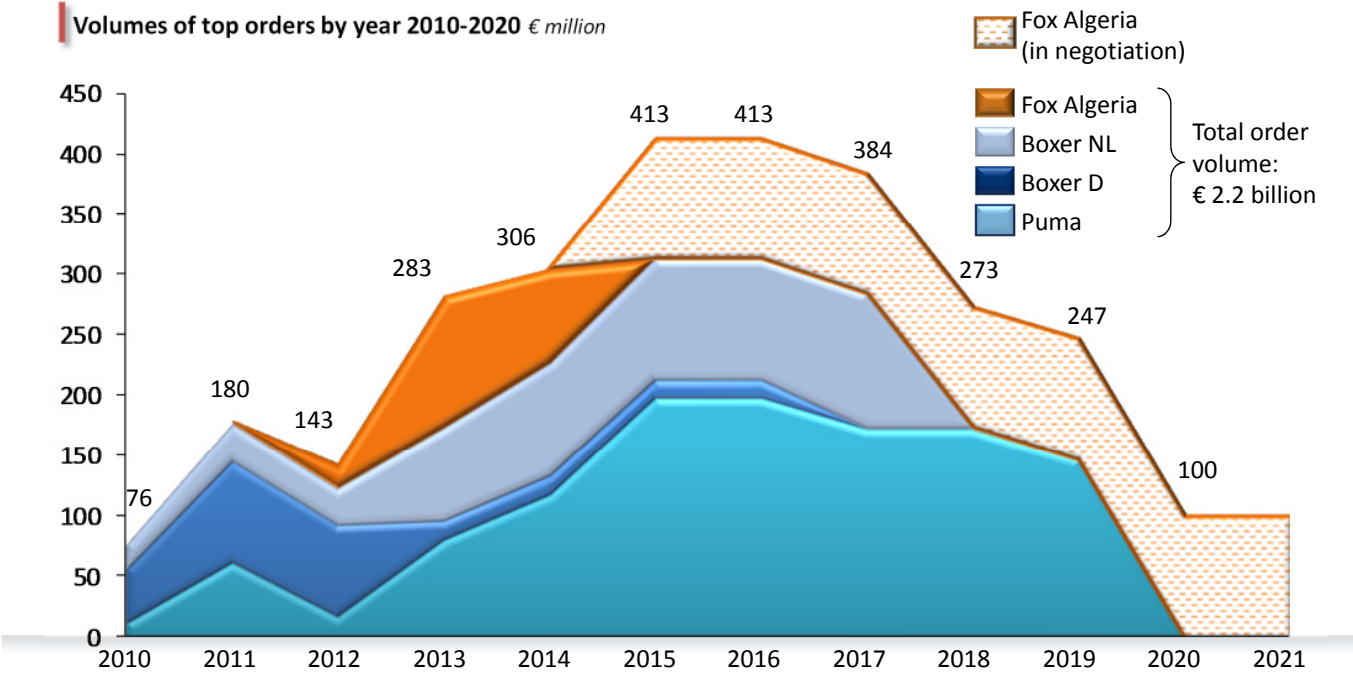
## Rheinmetall Defence High order backlog and strong book-to-bill ratio

- ▶ Order backlog on a high level
- ▶ Book-to-bill ratio levels out around 1.0



## Rheinmetall Defence Combining the future growth potential of Fox, Boxer and Puma

Volumes of top orders by year 2010-2020 € million





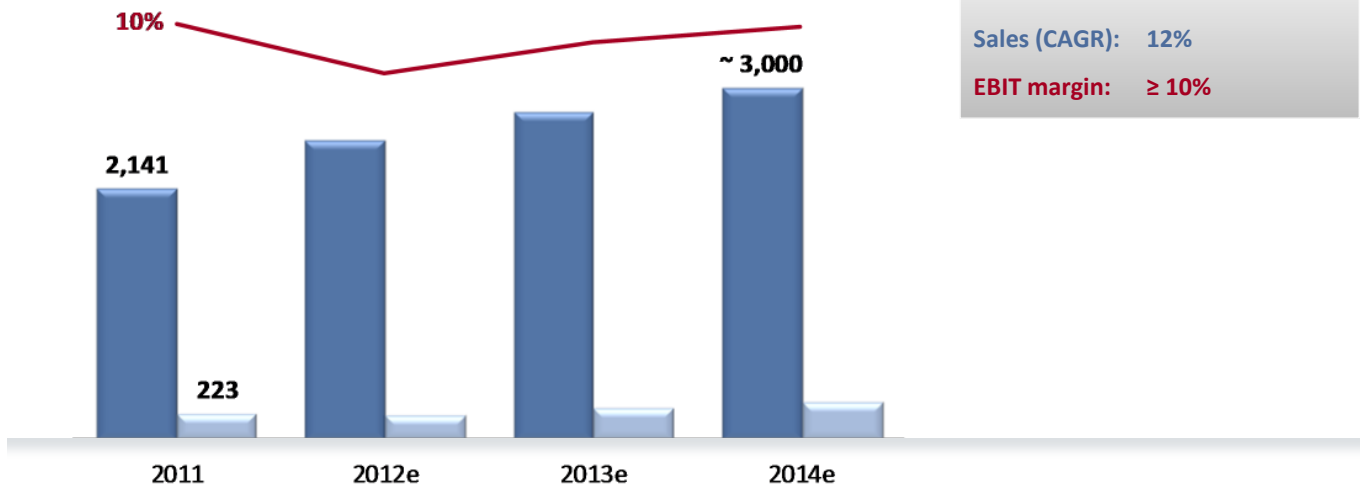
## Rheinmetall Defence Financial targets 2012-2014

Sales/EBIT in € million  
EBIT margin in %

Mid-term targets:

Sales (CAGR): 12%

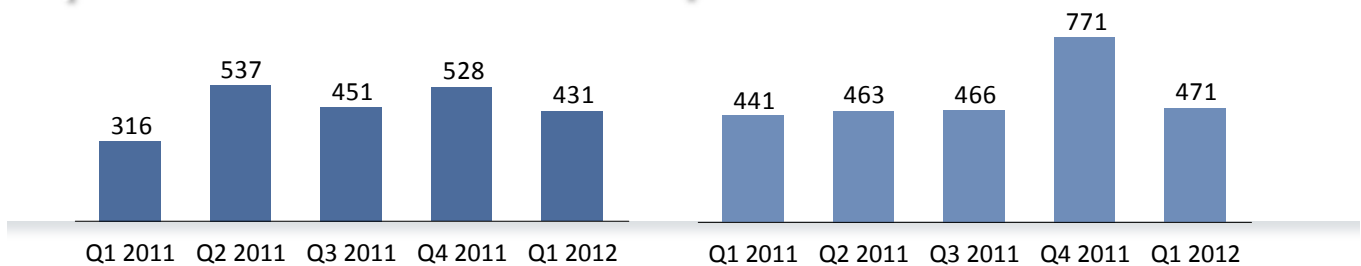
EBIT margin: ≥ 10%



## Rheinmetall Defence Quarterly development

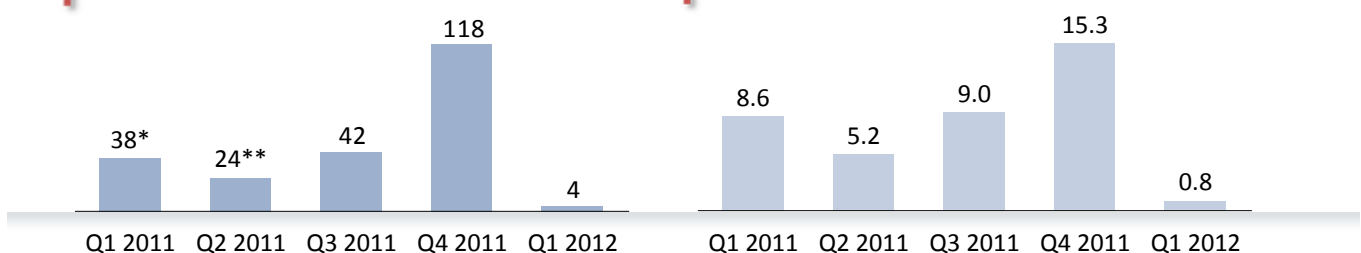
Order intake € million

Sales € million



EBIT € million

EBIT margin in %



\* Including one-off due to PPA ADS (+ € 11 million)

\*\* Including an extraordinary write-down for a wheeled armored vehicle program (- € 11 million)

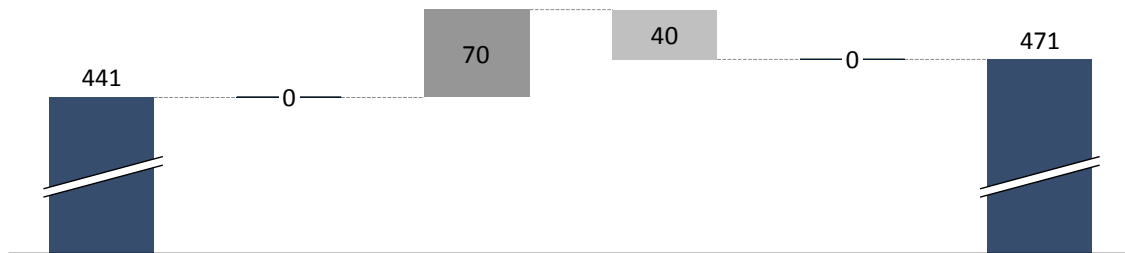




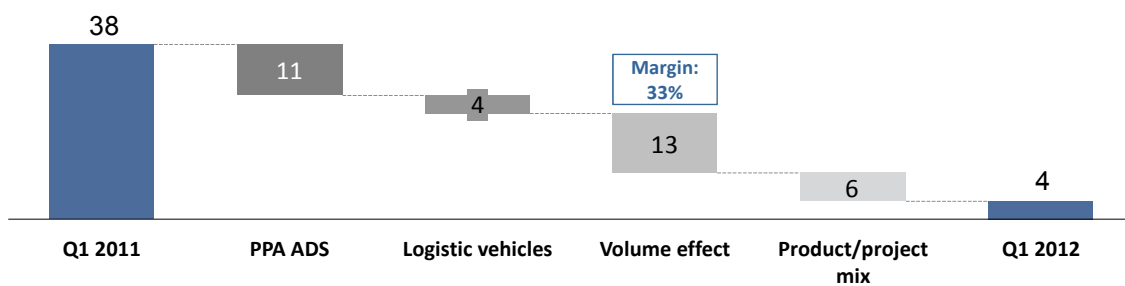
# Rheinmetall Defence

## Quarterly development Q1 2012 - sales and earnings bridge

Sales bridge Q1 2011 to Q1 2012 € million



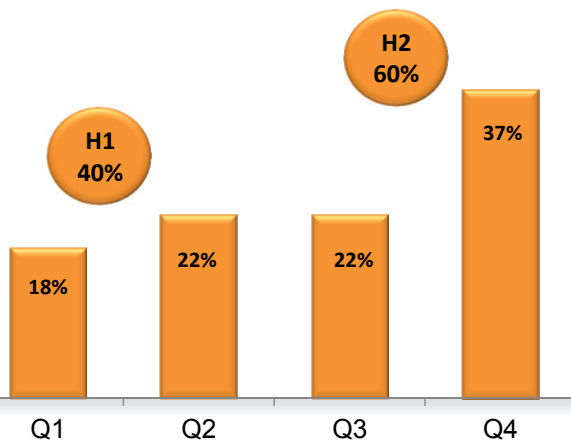
EBIT bridge Q1 2011 to Q1 2012 € million



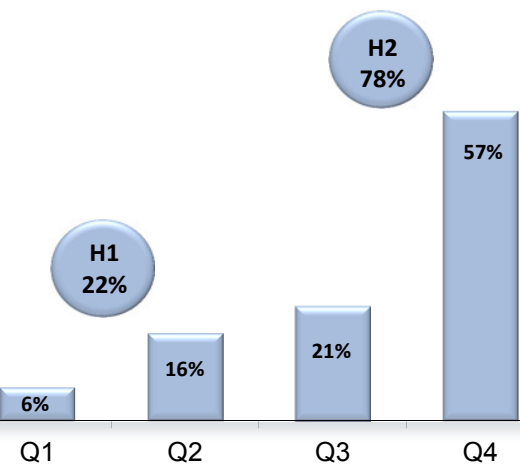
# Rheinmetall Defence

## Distribution of sales and EBIT over the last ten years

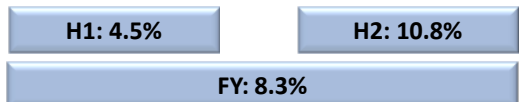
2002-2011  
Ø Share of sales per quarter in %



2002-2011  
Ø Share of EBIT per quarter in %



2002-2011  
Ø EBIT margin:





## Rheinmetall Defence Improving operating free cash flow in 2012

- EBIT and net profit slightly below the 2011 figures
- Capex on the same level as in the previous years (3.5 - 4 %)
- Depreciation without major changes
- Significant working capital reduction will be achieved

→ **Clear target:**  
**considerable increase of operating free cash flow (2011: € 62 million)**



## Rheinmetall Defence The story goes on...



- ▶ Based on a successful restructuring of the tracked vehicle business,
- ▶ based on the successful integration of MAN logistic military vehicles
- ▶ and being the spearhead of ground forces technology...

... Rheinmetall Defence will be able to return to double-digit EBIT margins within the next three years...

...benefitting from the wide range of excellent product developments which you will see at the Eurosatory Fair in Paris!





## Visit to the largest Defence exhibition worldwide

### Eurosatory

Capital Markets Day 2012 | Paris, 14 June 2012

Armin Papperger, CEO, Rheinmetall Defence

© Rheinmetall 2012



## Eurosatory: Facts and Figures

- Largest Defence-Exhibition worldwide, taking place every 2 years
- Focused on land systems
- Exhibition surface: 143.000 m<sup>2</sup>
- Exhibitors: more than 1.300 from 54 countries
- Visitors: 54.000 from 130 countries
- Rheinmetall is the largest foreign exhibitor

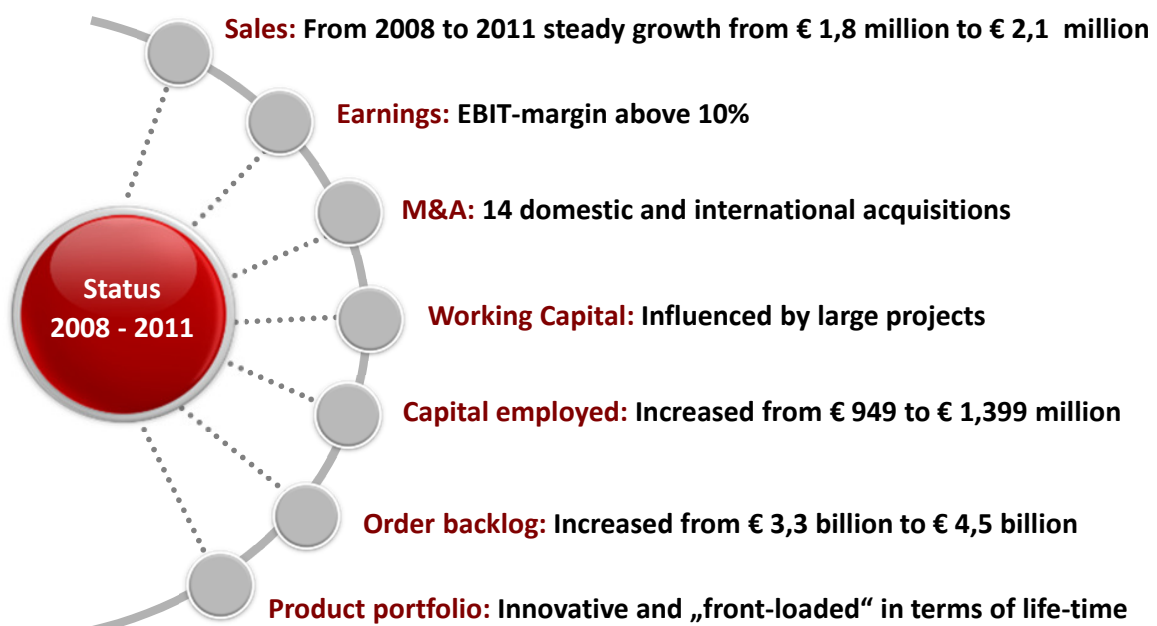


## Eurosatory: Importance for Rheinmetall Defence

- Meet our customers from all over the world
- Show our products, most of them are new and innovative!
- Prove our high standard of performance and unique engineering skills
- See our competitors and observe their activities
- Talk to the media and to the defence press
- And last but not least....meet our analysts

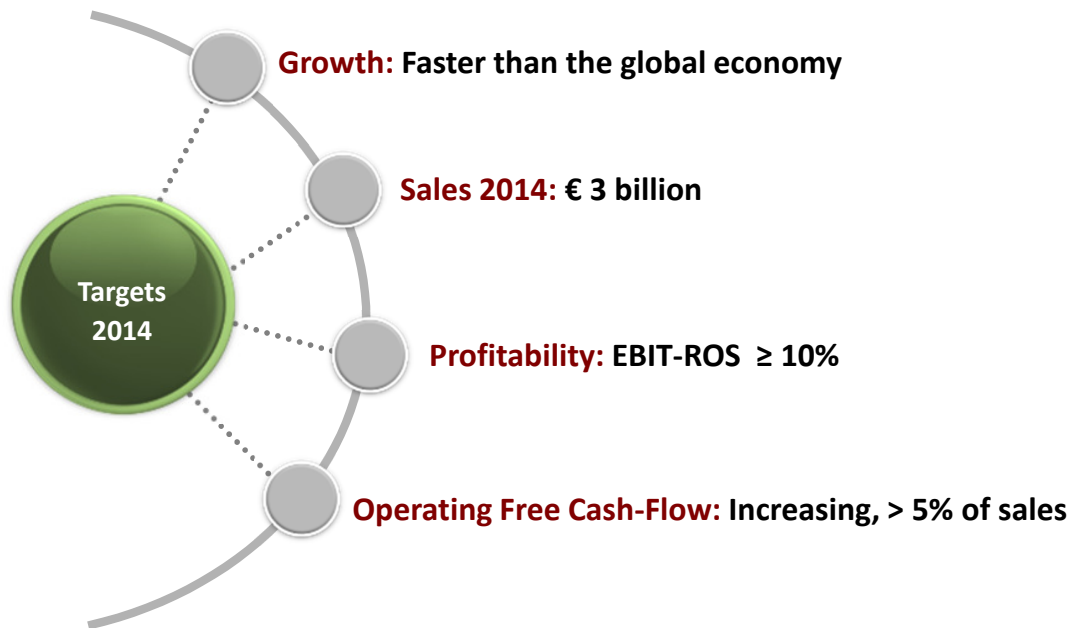


## Rheinmetall Defence: Present situation





## Rheinmetall Defence: Clear targets for 2014



FORCE PROTECTION IS OUR MISSION

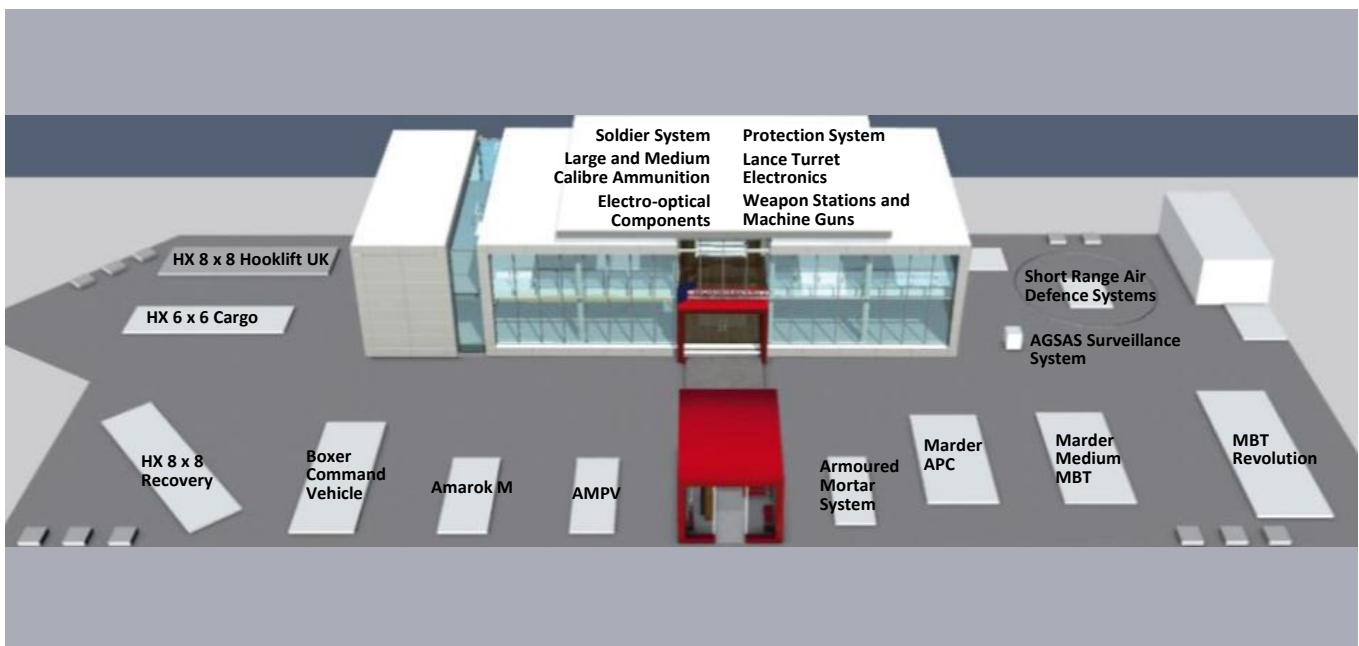
## Rheinmetall Defence at Eurosatory 2012: Exhibition Highlights



## Overview Paris Nord Villepinte Exhibition Centre



## Rheinmetall at Eurosatory 2012: Exhibition Highlights







## HX 8 x 8 Hooklift UK

- The HX is a versatile all-wheel-drive truck, custom-developed for tough logistics challenges in military service.
- HX 8 x 8 Hooklift, gross weight : 36 t; engine: 324 kW/440 HP
- More than 7,000 HX- and SX-vehicles worth € 1.6 billion ordered by the British MoD 2005 and 2006, including long-term service contract
- RMMV selected as preferred bidder from Australian MoD for more than 2,000 vehicles



## HX 6 x 6 Cargo and HX 8 x 8 Recovery

- The newly developed HX 6x6 cargo is based on the theatre proven HX series (equipped with the ADS active hard-kill system); gross weight: 33t
- HX 8x8 Recovery vehicle; gross weight: 36t, engine: 324 kW/440 HP



HX 6x6 Cargo



HX 8x8 Recovery



## Boxer Command Vehicle

- Unique concept of exchangeable mission moduls according to different requirements
- Highly protected 8x8 vehicle ; weight: 35 t; transport vehicle for up to 11 persons
- High tactical and operational mobility; air transportable in the A400M
- Safety cell: High protection against mines, bomblets and artillery fragments
- Serial orders for Rheinmetall: 85 units for Germany and 200 units for the Netherlands; original order volume: € 775 mill.; start of production 2009



## AMPV Armoured Multipurpose Vehicle

- New vehicle in the 5 to 9 ton class
- Highly protected cabin; 53mm-95mm strong pane; protection modules allow quick adaptation to varying threats
- Run-flat tires allow to leave the danger zone quickly after incident
- Developed together with KMW
- Testing phase started 2009
- Final decision of the German government as possible launching customer expected in 2012







## Marder Evolution Family

- New developments based on existing fleet of Marder tanks (more than 2,100 vehicles delivered to the German army since 1971); with the combat-proven Marder as platform, Rheinmetall offers an entire new vehicle family for high requirements:
- Marder APC (Armoured Personnel Carrier) with RCWS (Remote Controlled Weapon Station) M 151 Protector; gross weight: 33t; excellent ballistic protection, superb defence against mines, IEDs (Improvised Explosive Devices) and RPGs (Rocket Propelled Grenades)
- Marder Medium MBT (Main Battle Tank) with 105mm Oto Melara Turret; gross weight: 43t, calibre 105mm
- Potential for international orders



**Marder IFV**



**Marder Medium MBT**



**Marder APC**



## MBT Revolution

- The MBT (Main Battle Tank) Revolution modular upgrade significantly enhances current capabilities, ensuring that tanks remain a match for current operational scenarios.
- Flexible in concept, comprehensive protection against all presently known threats
- Completely new digital turret concept; remote control weapon station
- Excellent C4I and network-enabled capabilities; 360° Situational awareness system; high-performance climate control; auxiliary power unit
- Weight: MLC (Military Loading Class) 70
- Latest 120 mm HE and KE ammunition
- Full range of services and embedded logistics





## Skyshield® Air Defence System

- MANTIS (Modular Automatic and Network capable Targeting and Interception System) formerly: C-RAM (Counter Rockets, Artillery, Mortars)
- System consists of: ground control system, 2 sensor elements (radars, electro-optic sensors), 6 automated Oerlikon 35 mm “Millennium guns” capable of firing 1,000 rounds per minute
- Ammunition: programmable "Ahead" ammunition, developed by RHM Weapon and Munitions; each round carries a payload of 152 tungsten projectiles weighing 3.3g each
- MANTIS in Germany: development contracts 2007-2009 worth € 50 million; procurement of 2 systems 2009-2011 worth € 115 million
- Potential for international orders; suitable for the protection of military and civil infrastructure, for seaports and off-shore installations



## AGSAS surveillance system

- The AGSAS (Air/Ground Surveillance and Alert System) is an electro-optical reconnaissance and target tracking system
- Automatic detection, alert, verification and track of ground, sea and airborne targets the lower airspace from the ground up to heights of a few kilometers
- Covering a surveillance gap left by traditional radar surveillance chains
- Visually-monitored safety barrier which cannot be penetrated unnoticed
- Suitable for: protection of units at sea and vital infrastructure; protection of the lower airspace, e.g. against rapid, low-flying rockets or small drones; border surveillance





## Large calibre, medium calibre and mortar ammunition

- Extensive array of tank-, artillery- and medium-calibre ammunition, high-performance propellants and fuzes
- Joint venture “Defense Munitions International (DMI)” with General Dynamics recently signed, considerably enlarging Rheinmetall’s access to potential international markets
- Unique performance characteristic of the DM11 cartridge: programmable time-delay fuse, also available as a lower-cost variant (HE SQ)
- Order for HE SQ cartridges from Denmark in Q2 2012 received



## Special Ammunition and Field Equipment

- Intention: Becoming a system house for infantry
- Offering 40 mm cartridges of all types including a wide selection of special forces ammunition
- Meeting the requirements of modern missions: illumination devices, impulse cartridges
- Currently under way: grenade launchers Cerberus and Hydra
- Order from Canada for weapon systems (CASW) in 2010 and 2011 received, consisting of a Heckler & Koch grenade launcher, a Vingmate fire control unit and ammunition







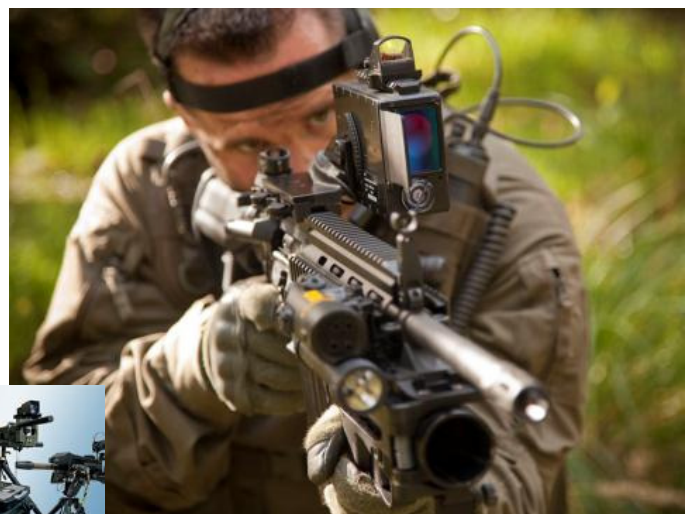
## Infantry Systems: Gladius – the leading soldier system

- New development of the complete armament of an infantry soldier
- Modular configuration with high flexibility; real-time access to decisive information
- Features: e.g., network capability; real time interlinked operations; friend-foe identification
- One system is designed for a group of 10 soldiers
- Rheinmetall gained orders (expanded version-V2) against competition from EADS (basic version-V1)
- First serial order from Germany for 30 systems, (300 soldiers) with an option for further 60 systems (600 soldiers); expected volume: € 45 million (plus option: € 70 million)



## Electro-optical components

- Rheinmetall has concentrated its activities in the field of electro-optical components into a new business unit and offers now an innovative array of state-of-the-art electro-optical equipment.
- Observation and fire control units
- Products for dismounted soldiers
- Sensor products





## Product line remote weapon station - family and variants



Light weight weapon station  
Amarok



Medium weight weapon station  
Qimek



Medium weight weapon station  
Nanuk



Medium weight weapon station  
Arrows



Medium weight weapon station  
609M



Protector Super Light,  
Cooperation with Kongsberg



Protector Light,  
Cooperation with Kongsberg

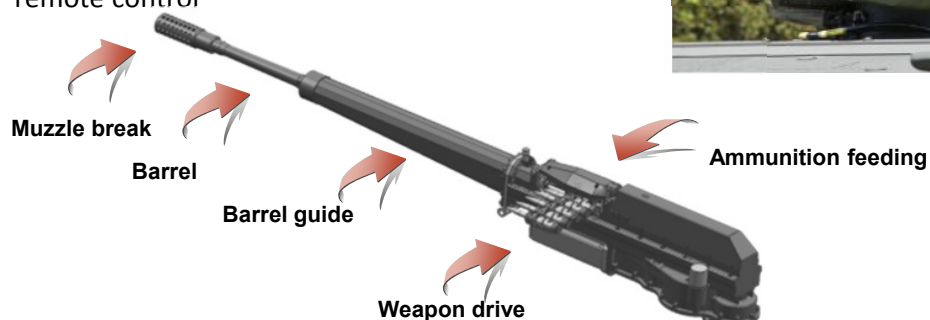


M 151 Protector,  
Cooperation with Kongsberg



## Remotely operated weapon stations and machine guns

- In cooperation with Kongsberg, Rheinmetall Defence offers a family of fully stabilized remotely operated weapon stations that can be integrated on various vehicle platforms.
- The newly developed 12.7mm cal. machine gun RMG.50 is an advanced version of the classic multifunctional machine gun, capable of firing conventional and enhanced performance ammunition; advantage: weight only 25 kg incl. remote control





## Lance Turret System

- State-of-the-art Rheinmetall medium-calibre turret system. It can be configured for manned operation or serve as a remote control turret.
- Easy to operate, handled almost intuitively, soldiers can train nearly any scenario imaginable to improve their skills – and continue in the same combat compartment for real fighting.
- Lance training demonstrator mounted on a Boxer vehicle presented on the Eurosatory 2012; also at this fair MOWAG shows a Lance turret mounted on a Piranha APC.
- Internally funded development; launching customer: Spain; order volume: € 11 mill. for 4 turrets; further market potential in various European countries, Middle East and North America



Lance Turret Electronic



Remote Control Lance Turret



Manned Lance Turret



## Protection Systems

Rheinmetall's comprehensive protection concept is based on a multilevel approach:

- Rheinmetall Chempro und Rheinmetall Verseidag Ballistic Protection Systems are the Group's experts for passive protection products. These are made of lightweight, high-performance materials, designed for inclusion in tactical vehicles, helicopters or ships for protecting passengers and crew.
- "Softkill" solutions offer excellent protection for ground vehicles as well as fixed-wing aircraft helicopters and ships. Smoke/obscurant systems like "Rosy" make vehicles invisible to the enemy in the event of an ambush, etc.
- Active protection systems such as Rheinmetall's ADS neutralize incoming projectiles before they reach their target.



Passive Protection



Softkill System Rosy



Active Protection ADS



## Rheinmetall Group

### Automotive – Segment report

| € million                   | 2007   | 2008   | 2009   | 2010   | 2011   |
|-----------------------------|--------|--------|--------|--------|--------|
| Sales                       | 2,249  | 2,055  | 1,522  | 1,982  | 2,313  |
| EBITDA                      | 237    | 184    | - 70   | 183    | 254    |
| Amortization / depreciation | 117    | 123    | 117    | 102    | 103    |
| EBIT                        | 120    | 61     | - 187  | 81     | 151    |
| EBIT margin (%)             | 5.3    | 3.0    | - 12.3 | 4.1    | 6.5    |
| Capital expenditures        | 148    | 146    | 70     | 96     | 104    |
| Employees (Dec. 31)         | 11,895 | 11,682 | 10,339 | 10,816 | 11,548 |

### Defence – Segment report

| € million                   | 2007  | 2008  | 2009  | 2010  | 2011  |
|-----------------------------|-------|-------|-------|-------|-------|
| Sales                       | 1,757 | 1,814 | 1,898 | 2,007 | 2,141 |
| Order intake                | 1,804 | 1,723 | 3,153 | 1,977 | 1,831 |
| Order backlog (Dec. 31)     | 2,868 | 3,307 | 4,590 | 4,772 | 4,541 |
| EBITDA                      | 211   | 237   | 263   | 297   | 303   |
| Amortization / depreciation | 51    | 43    | 48    | 63    | 80    |
| EBIT                        | 160   | 194   | 215   | 234   | 223   |
| EBIT margin (%)             | 9.1   | 10.7  | 11.3  | 11.6  | 10.4  |
| Capital expenditures        | 53    | 53    | 74    | 93    | 102   |
| Employees (Dec. 31)         | 7,175 | 9,217 | 9,304 | 9,037 | 9,833 |

## Financial Diary

|                  |         |
|------------------|---------|
| August 10, 2012  | Q2 2012 |
| November 9, 2012 | Q3 2012 |

## Disclaimer

This presentation contains “forward-looking statements” within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to Rheinmetall’s financial condition, results of operations and businesses and certain of Rheinmetall’s plans and objectives. These forward-looking statements reflect the current views of Rheinmetall’s management with respect to future events. In particular, such forward-looking statements include the financial guidance contained in the outlook 2012.

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