

CONFERENCE CALL Q1 2023

Transformation for growth

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Please note that all figures in this presentation have been rounded on a standalone basis. This can result in minor differences when adding figures together or calculating % shares.

Q1 2023 Group Highlights

Start into the year within company expectations

Strong Q1 cashflow

- Sales €1,363m
- Operating Result €73m
- Margin 5.4%
- OFCF €-105m
- RHM Backlog €28,194m
- RHM Nomination €3,104m

Seasonality pattern unchanged

- 2023 expected to be backend loaded
- Structural high Q4 sales volume in Division Weapon and Ammunition

Operating result held back by at-equity effects

- At-equity with negative €29 m swing effect
- Inflation compensation burdened Q1
- Q1 2022 result included favorable high single digit million effect

2023 Guidance confirmed

- **Sales:** €7.4 to 7.6 bn
- **Operating margin:** ~12%
- **Operating free cash flow:** 4-6% OFCF to sales

Q1 2023 Market Update Germany

Reorganization of military procurement and first orders ahead



- **New defense minister** Pistorius in place since January 2023
 - Complete overhaul of MOD structure and processes initiated
 - Commitment to 2% defence spending and request for a budget increase in 2024
- **Puma** issue resolved, upgrade order received in Q1. Discussions on 2nd lot resumed
- Continuous dialogue on **ammunition frame work** contracts
 - Different contracts for several calibers for Germany and Ukraine support
- **Caracal** airborne platform introduced, decision expected soon
- Germany-Australia letter of cooperation, for GtoG deal on “**Heavy Weapon Carrier**”
- MoU with Lockheed regarding the cooperation on **Rocket Artillery Systems**

Q1 2023 Market Update

Support of Ukraine remains a top priority



- Order intake overview
 - 20 Marder vehicles (already delivered in Q1)
 - Medium-caliber ammunition
 - Gepard: 300k rounds (delivery starts H2 2023)
 - Marder
 - Tank ammunition
 - Leopard 1 & 2
 - Artillery ammunition
 - 2nd Field hospital
- Additional funding commitment of triple digit million amount from Germany
- Additional financing and sourcing commitment from Europe
 - € 2bn ammunition procurement initiative
 - 14 additional Leopard 2 financed by Denmark and Netherlands



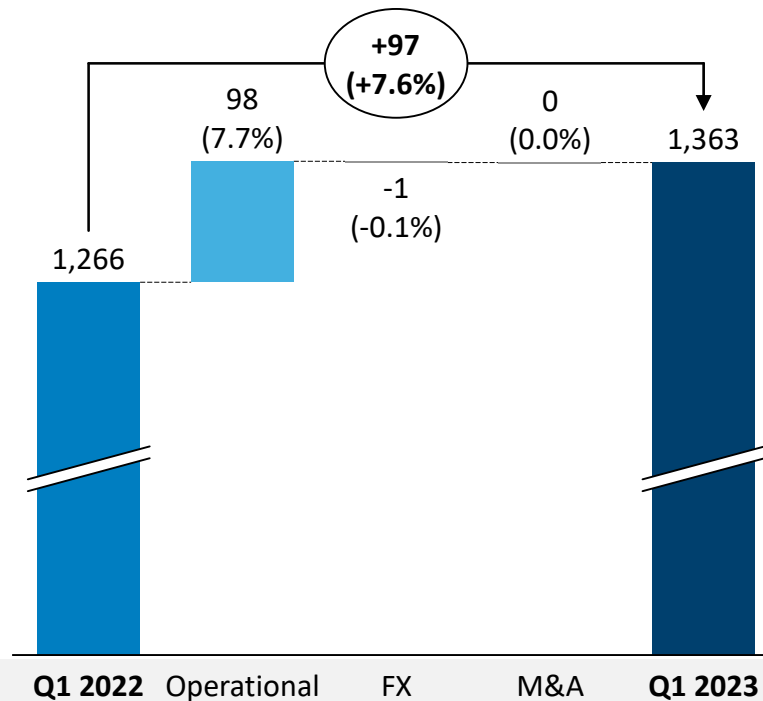
Financials

Q1 2023: Key financial data

Q1 grows within expectations

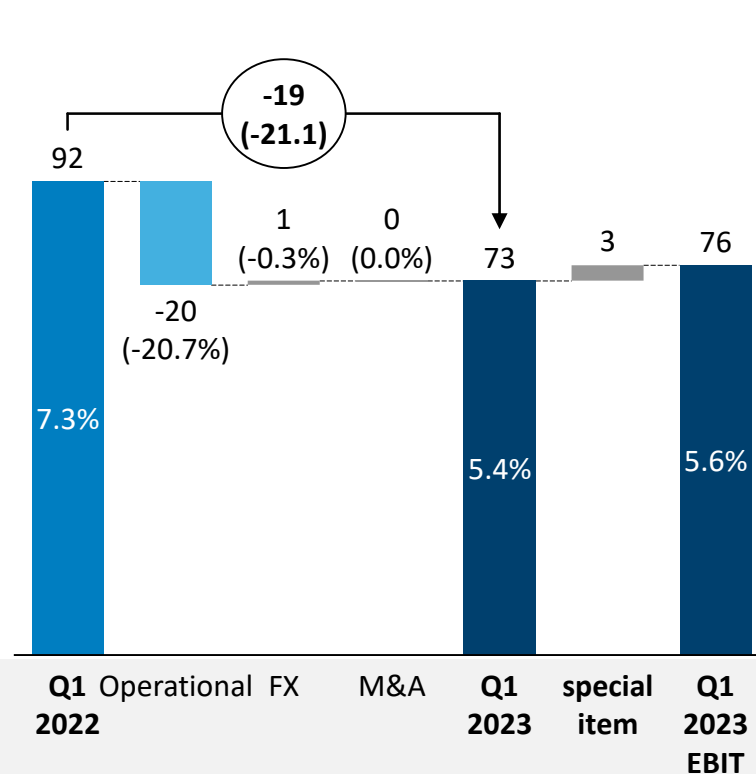
Sales ¹⁾

in €m



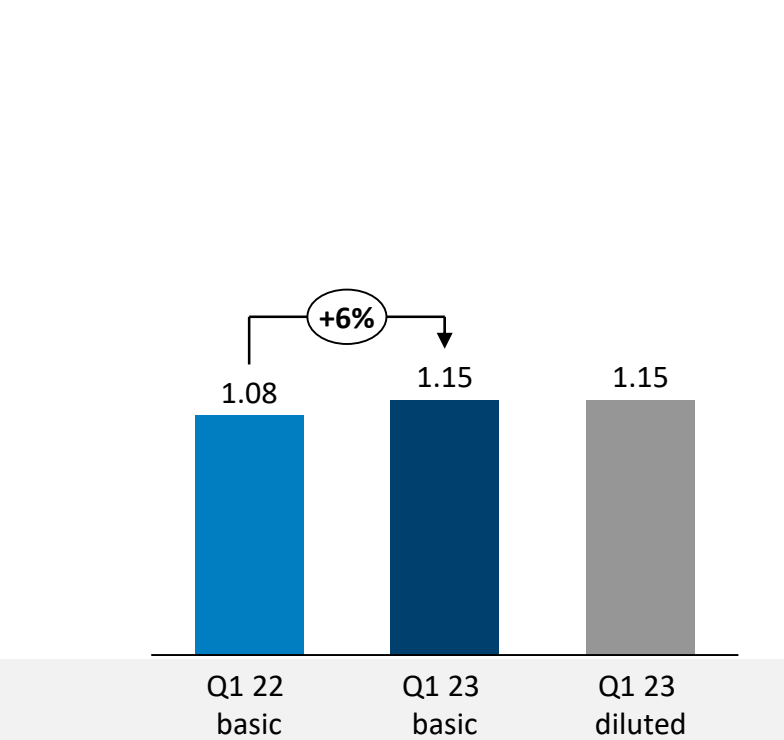
Operating result and margin in % ¹⁾

in €m



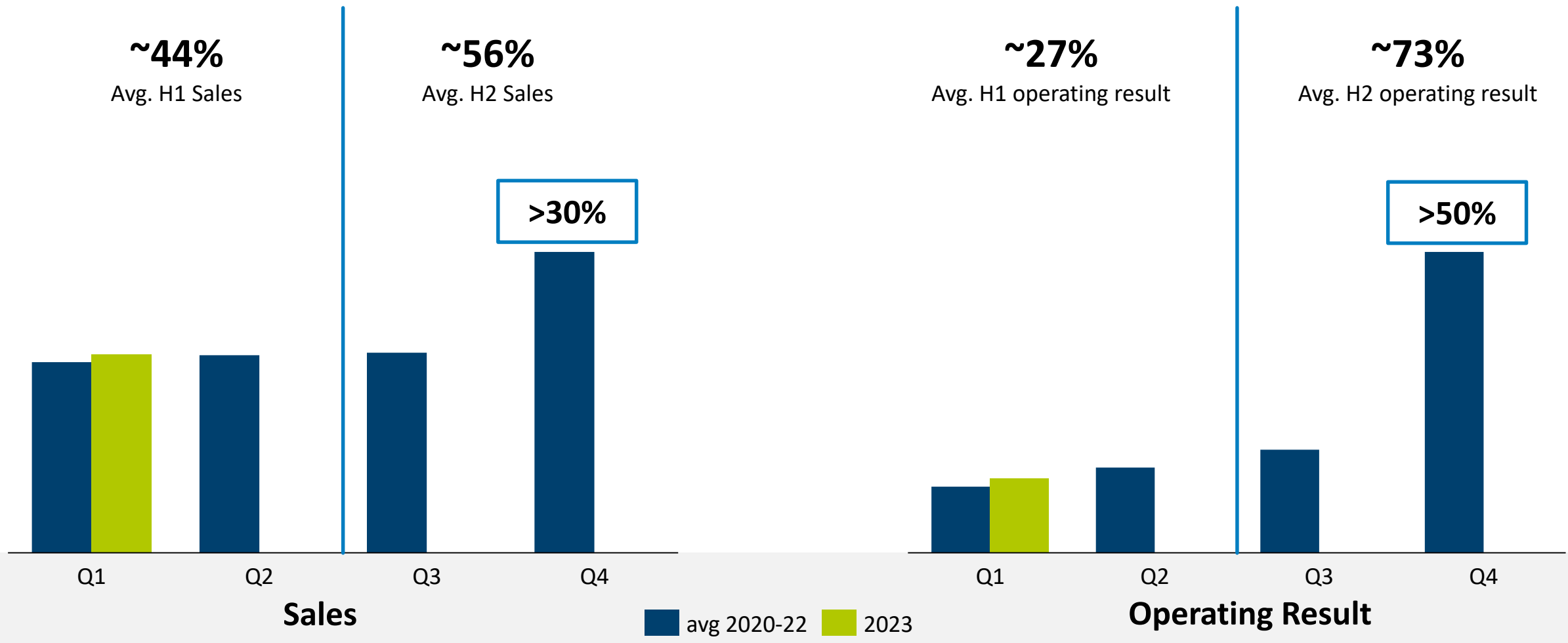
Earnings per share ^{1,2)}

in €m



Q1 2023 Group Highlights

Heavy backend loaded seasonality in 2023 expected

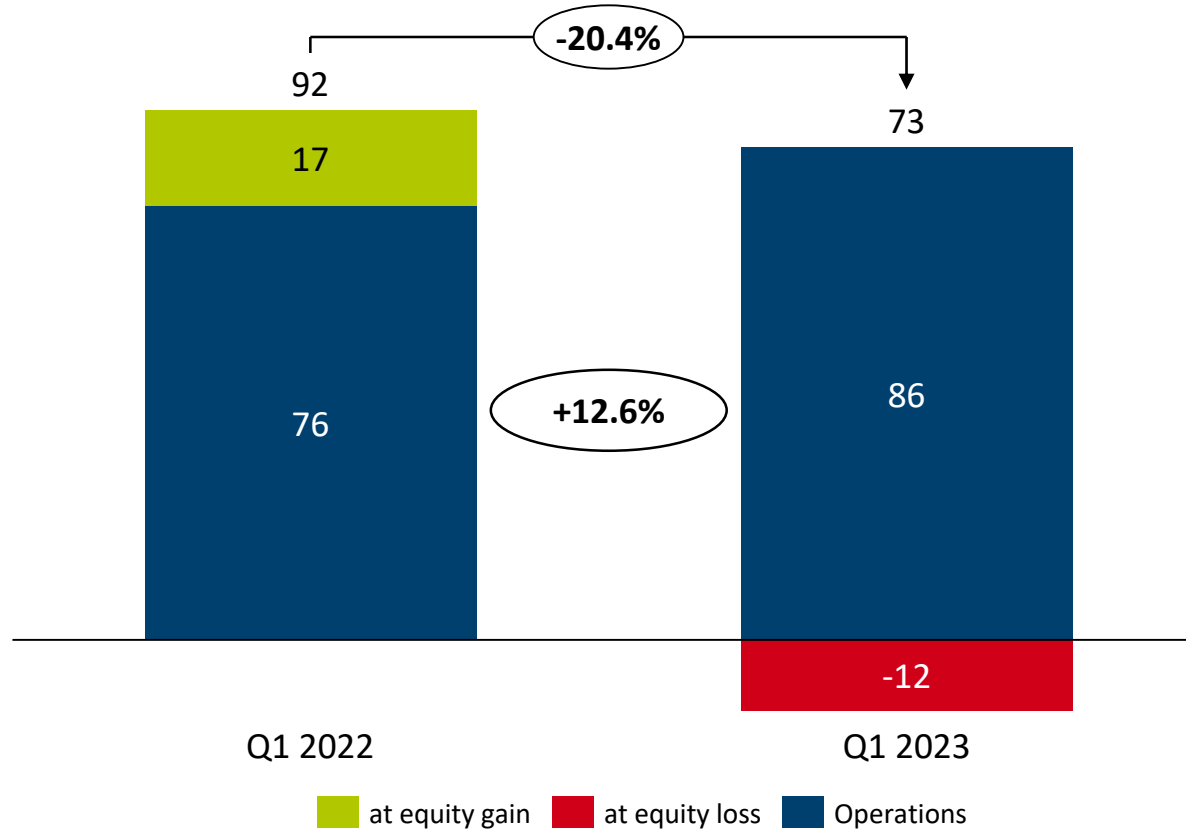


Q1 2023: Key financial data

At-equity with significant impact on operating result

Operating result ¹⁾

in €m



Highlights / Comments

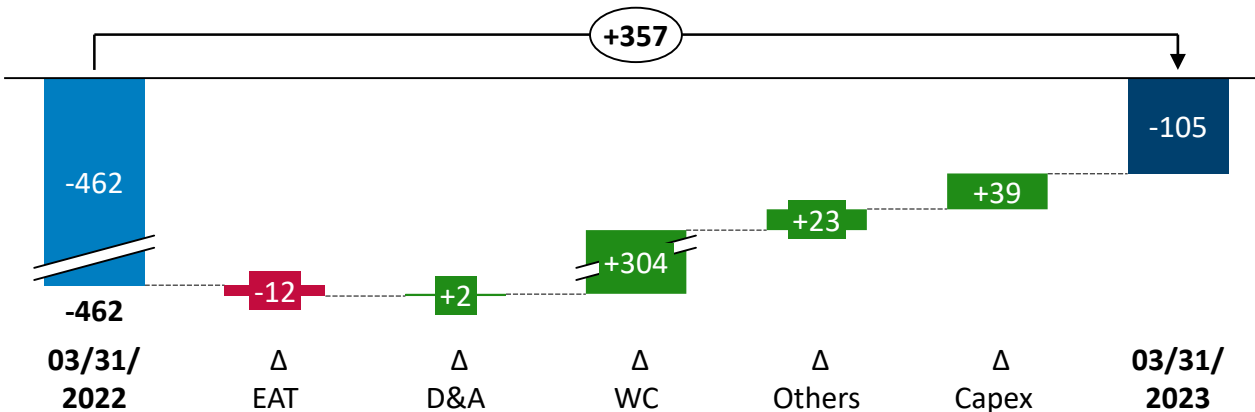
- Q1 2022 with favorable at-equity contribution in Weapon and Ammunition
- Q1 2023 with negative at-equity effects
 - 4iG with two negative impacts from Q4 22 and Q1 23 (both non-cash)
 - Negative at-equity contribution from China JV due to adverse market environment
- Personnel cost included the German inflation compensation bonus for employees (second tranche in Q1 2024).

Q1 2023: Cash Flow

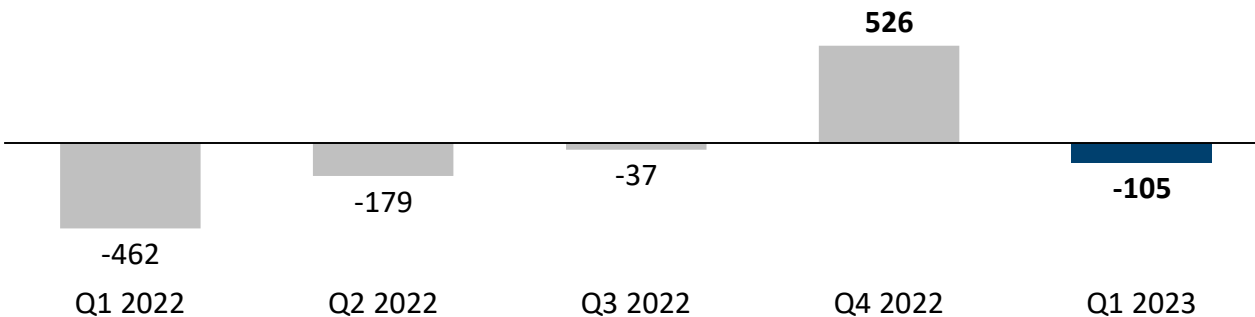
Strong cash recovery in Q1

Operating Free Cash flow ¹⁾

Q1 bridge (in €m)



Quarterly development (in €m)



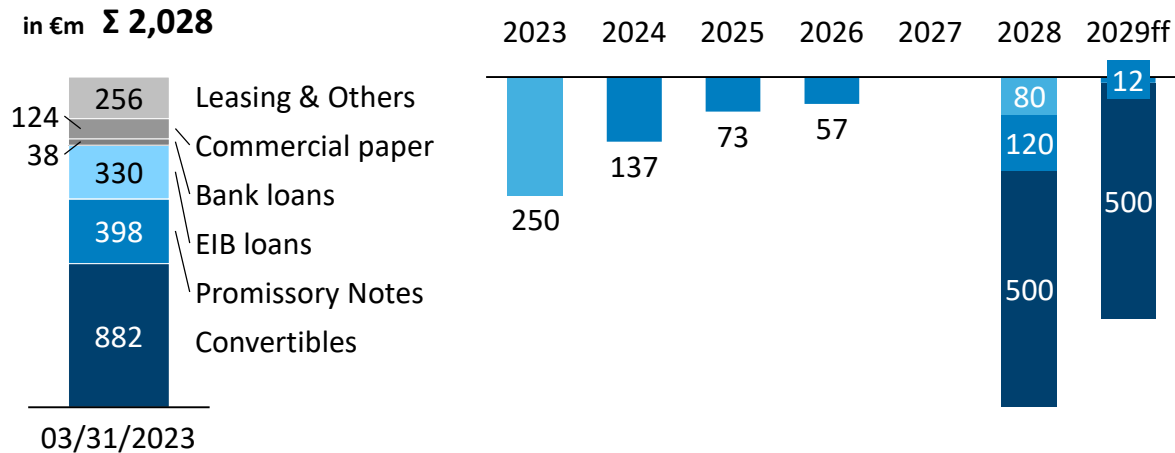
Highlights / Comments

- Operating free cash flow improved by €357 m
- Main drivers:
 - High customer payments, including pre-payments
 - Inventory build up continued, but at a lower dynamic

Group Highlights: Balance Sheet

Successful placement of convertible reshapes balance sheet

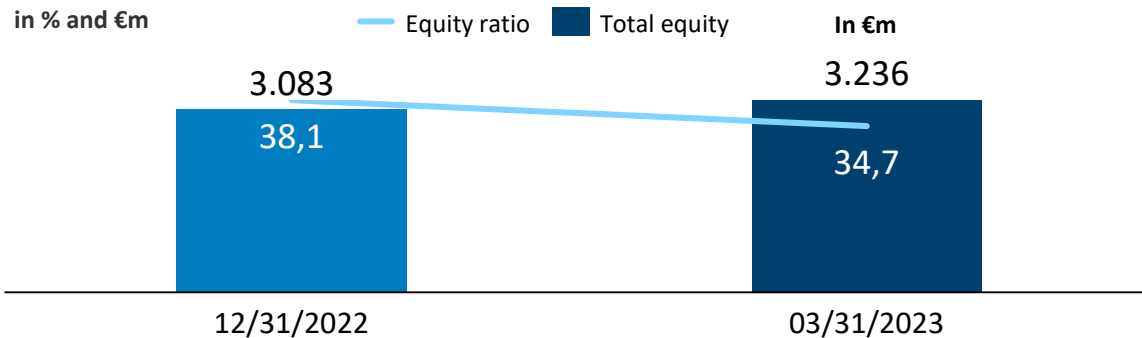
Gross debt and maturity profile ¹⁾



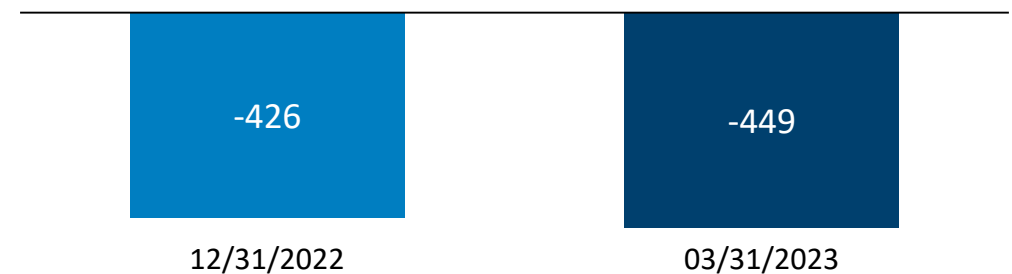
Highlights / Comments

- Convertible bonds issued in Q1 with a nominal value of €1.0bn, due to IFRS accounting split into a debt and an equity component.
- Strong cash position of €1,579m mainly driven by inflowing funds of convertible transaction; additionally, securities held for trade with a value of €133m per end of Q1
- Undrawn cash credit lines of €0.9bn per end of Q1

Equity and Equity ratio



Net financial position ²⁾



1) Maturity profile for instruments only, **nominal value**

2) Financial liabilities less cash and cash equivalents

Q1 2023: Divisions

At-equity left its mark on a good starting quarter

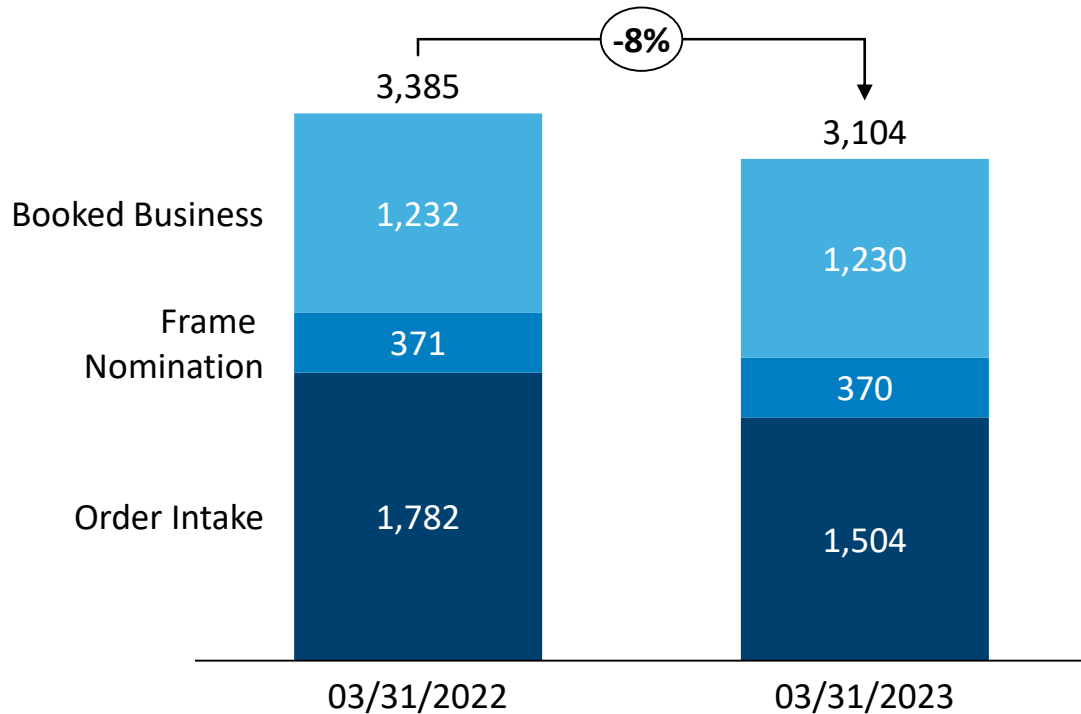
In €m / in %	Sales ¹⁾			Operating Result ¹⁾			Margin ¹⁾		OFCF ¹⁾		
	Q1 2022	Q1 2023	delta	Q1 2022	Q1 2023	delta	Q1 2022	Q1 2023	Q1 2022	Q1 2023	delta
Vehicle Systems	400	462	15.5%	29	42	46.8%	7.2%	9.1%	-125	-94	31
Weapon and Ammunition	258	238	-7.5%	32	24	-24.1%	12.3%	10.1%	-225	64	289
Electronic Solutions	168	201	19.9%	4	10	168.1%	2.2%	5.0%	-107	-71	36
Sensors and Actuators	347	363	4.5%	26	13	-50.0%	7.5%	3.5%	1	-1	-2
Materials and Trade	191	198	3.9%	16	12	-25.1%	8.4%	5.8%	-20	-14	6
Other / Consolidation	-97	-99	-2.0%	-14	-27	-92.9%			15	10	-5
Rheinmetall Group	1,266	1,363	7.6%	92	73	-21.1%	7.3%	5.4%	-462	-105	357

Q1 2023: Nomination and Backlog

Solid Rheinmetall Nomination development in the absence of large single orders

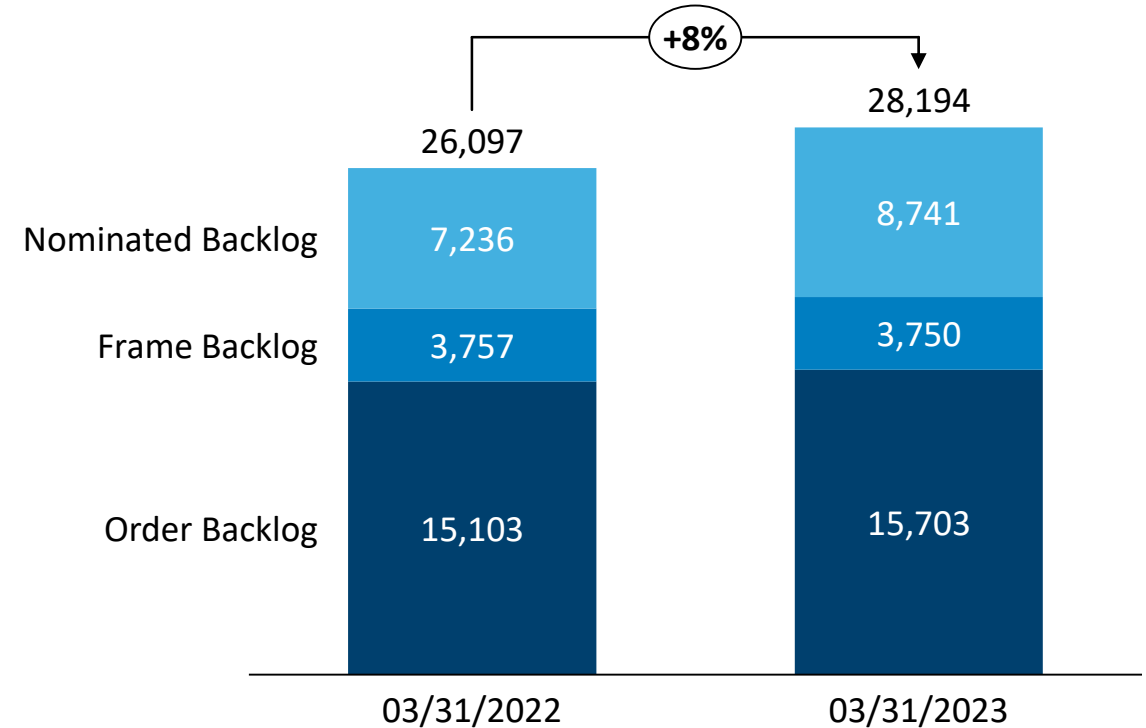
Rheinmetall Nomination ¹⁾

In €m



Rheinmetall Backlog ²⁾

In €m



1) Rheinmetall Nomination = Order Intake (Div. W+A, ES, VS) + Frame Nomination (Div. W+A, ES, VS: New Frame agreements – call offs from existing frame backlog) + Booked Business (Div. S+A, M+T)

2) Rheinmetall Backlog = Order backlog (signed and fixed contracts) + Frame Backlog (signed frameworks incl. truck and ammunition framework agreements for several years) + Nominated backlog (inventory figure aligned to the annual sales planning S+A/M+T based on the nomination letters of the booked business)



OUTLOOK

Outlook

FY Guidance 2023 confirmed

	2023e	2022
Sales	Between €7.4 to 7.6 bn	€ 6.410 bn
Operating Margin	Around 12%	11.8%
Operating free cash flow	4-6% OFCF to sales	€-152 m

**Sales guidance includes FX effects and excludes contributions from acquisitions.
Guidance will be updated after the EXPAL closing.**

Q&A

**Thank you for your
attention!**



Next events and IR contacts

Next Events

Annual General Meeting	09 May
Stifel, German Corporate Conference	12 May
UBS, Best of Europe Virtual	17 May
Berenberg Conference USA	23 May
Société Générale, The Nice Conference	02 June
BNP Paribas Exane, CEO Conference	06 June
Warburg Highlights, Hamburg	15 June
Deutsche Bank, German Swiss Austrian Conference	20/21 June
Q2 Earnings call	10 Aug
Commerzbank & ODDO BHF Corporate Conference	06 Sept
Berenberg Goldman Sachs German Corporate Conference	20 Sept
Baader Investment Conference	21 Sept

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Quick link to documents

[Corporate Presentation](#)
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[Interim Report](#)
(link)



[Annual Report](#)
(link)





APPENDIX

Outlook

Group - forecast business performance in 2023

		2023	2022
Sales			
Group	€ million	sales growth to €7.4 bn to €7.6 bn	6,410
Division Vehicle Systems	€ million	sales growth 25% to 30%	2,270
Division Weapon and Amunition	€ million	sales growth 25% to 30%	1,470
Division Electronic Solutions	€ million	sales growth 15% to 20%	1,063
Division Sensors and Actuators	€ million	sales growth 5% to 8%	1,382
Division Materials and Trade	€ million	sales growth 4% to 7%	743
Operating result margin			
Group	%	operating result margin around 12%	11.8
Division Vehicle Systems	%	operating result margin 11% to 13%	11.4
Division Weapon and Amunition	%	operating result margin 20% to 22%	20.8
Division Electronic Solutions	%	operating result margin 11% to 13%	11.1
Division Sensors and Actuators	%	operating result margin 7% to 9%	6.9
Division Materials and Trade	%	operating result margin 9% to 11%	9.1
OFCF (in relation to sales)			
Group	%	4% to 6 %	(2.4)

Statement of financial positions

€ million	3/31/2023	12/31/2022
Assets		
Goodwill	481	483
Other intangible assets	342	338
Right-of-use assets	250	209
Property, plant and equipment	1,136	1,137
Investment property	24	24
Investments accounted for using the equity method	419	408
Other non-current assets	187	187
Deferred taxes	108	98
Non-current assets	2,947	2,884
Inventories	2,374	1,976
Contract assets	408	362
Trade receivables	1,246	1,548
Other current assets	277	242
Income tax receivables	34	23
Securities held for trade	133	132
Cash and cash equivalents	1,579	545
Assets held for sale	319	377
Current assets	6,371	5,206
Total assets	9,318	8,089

€ million	3/31/2023	12/31/2022
Equity and liabilities		
Share capital	112	112
Capital reserves	687	566
Retained earnings	2,175	2,140
Treasury shares	(5)	(6)
Rheinmetall AG shareholders' equity	2,968	2,812
Non-controlling interests	267	271
Equity	3,236	3,083
Provisions for pensions and similar obligations	480	484
Other non-current provisions	197	205
Non-current financial debts	1,578	517
Other non-current liabilities	57	56
Deferred taxes	87	78
Non-current liabilities	2,398	1,341
Other current provisions	673	674
Current financial debts	450	454
Contract liabilities	1,268	1,120
Trade liabilities	837	931
Other current liabilities	184	200
Income tax liabilities	76	67
Liabilities directly related to assets held for sale	198	220
Current liabilities	3,685	3,665
Total equity and liabilities	9,318	8,089

Income Statement

€ million	Q1 2023	Q1 2022
Sales	1,363	1,266
Changes in inventories and work performed by the enterprise and capitalized	332	142
Total operating performance	1,695	1,409
Other operating income	32	29
Cost of materials	893	684
Personnel costs	500	457
Amortization, depreciation and impairment	63	60
Other operating expenses	182	153
Income from investments accounted for using the equity method	(12)	17
Other net financial income	(2)	(20)
Earnings before interest and taxes (EBIT)	76	81
Interest income	16	1
Interest expenses	24	8
Earnings before taxes (EBT)	68	74
Income taxes	20	(15)
Earnings from continuing operations	47	59
Earnings from discontinued operations	4	1
Earnings after taxes	51	61
Of which:		
<i>Non-controlling interests</i>	(3)	13
<i>Rheinmetall AG shareholders</i>	54	48
Basic earnings per share	€ 1.24	€ 1.11
Basic earnings per share from continuing operations	€ 1.15	€ 1.08
Basic earnings per share from discontinued operations	€ 0.09	€ 0.03
Diluted earnings per share	€ 1.24	€ 1.11
Diluted earnings per share from continuing operations	€ 1.15	€ 1.08
Diluted earnings per share from discontinued operations	€ 0.09	€ 0.03

Cashflow Statement

€ million	Q1 2023	Q1 2022
Earnings after taxes	51	61
Amortization/depreciation/impairment of property, plant and equipment, intangible assets and investment property	63	60
Allocation of CTA assets to secure pension and partial retirement obligations	(3)	(50)
Other changes in pension provisions	9	125
Income/expenses from disposals of non-current assets	(10)	(1)
Changes in other provisions	(6)	76
Changes in working capital	(101)	(429)
Changes in receivables, liabilities (without financial debt) and prepaid & deferred items	(85)	(134)
Pro rata income/loss from investments accounted for using the equity method	12	(17)
Other non-cash expenses and income	(1)	(118)
Cash flow from operating activities¹	(70)	(426)
Of which continuing operations	(53)	(420)
Of which discontinued operations	(18)	(6)
Investments in property, plant and equipment, intangible assets and investment property	(56)	(45)
Cash inflows from the disposal of property, plant and equipment, intangible assets and investment property	0	2
Cash inflows from disinvestments in consolidated companies and financial assets	56	-
Cash outflows for investments in consolidated companies and financial assets	(10)	(198)
Cash flow from investing activities	(11)	(241)
Of which continuing operations	8	(239)
Of which discontinued operations	(19)	(3)
Borrowing of financial debts	165	61
Repayment of financial debts	(49)	(50)
Cash inflows from the issuance of convertible bonds - Addition to equity	113	-
Cash inflows from the issuance of convertible bonds - Fair value financial liability	887	-
Transaction costs for the issuance of convertible bonds	(7)	-
Cash flow from financing activities	1,109	10
Of which continuing operations	1,131	54
Of which discontinued operations	(22)	(43)
Changes in cash and cash equivalents	1,028	(657)
Changes in cash and cash equivalents due to exchange rates	(3)	2
Total change in cash and cash equivalents	1,025	(655)
Opening cash and cash equivalents January 1	568	1,058
Closing cash and cash equivalents March 31	1,593	402
Closing cash and cash equivalents March 31 from discontinued operations	14	15
Closing cash and cash equivalents as per consolidated statement of financial position March 31	1,579	387

Derivation of diluted earnings per share

	Continuing Operations	Discontinued Operations	Q1 2023	Continuing Operations	Discontinued Operations	Q1 2022
Earnings after taxes in € million - Rheinmetall AG shareholders	50	4	54	47	1	48
Adjustment for interest expense in respect of the convertible bond in € million	6	-	6	-	-	-
Effect of adjustment for interest expense in respect of the convertible bond on personnel expenses in € million	-	-	-	-	-	-
Tax effects on the adjustment for interest expense in respect of the convertible bond and on the effect on personnel expenses in € million	(2)	-	(2)	-	-	-
Diluted earnings after taxes in € million - Rheinmetall AG shareholders	54	4	58	47	1	48
Weighted number of shares in millions - basic		43.38			43.31	
Effect from the potential conversion of the convertible bond in millions		1.93			-	
Weighted number of shares in millions - diluted		45.32			43.31	
Basic earnings per share	€ 1.15	€ 0.09	€ 1.24	€ 1.08	€ 0.03	€ 1.11
Diluted earnings per share	€ 1.20	€ 0.08	€ 1.28	€ 1.08	€ 0.03	€ 1.11
Adjusted diluted earnings per share (due to antidilutive effect)	€ 1.15	€ 0.09	€ 1.24	-	-	-