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Strategic acquisition in the USA: Rheinmetall agrees takeover of vehicle specialist Loc Performance

Acquisition expands and strengthens Rheinmetall's position in North America and the competition for high-volume major orders in the USA

With a strategic acquisition in the USA, the Düsseldorf-based Rheinmetall Group is expanding its position in the world's largest defense market and strengthening its core business in the field of land vehicles for military customers worldwide.

Rheinmetall has today (August 13, 2024) signed an agreement to acquire all equity interests in Loc Performance Products, LLC, a renowned vehicle specialist based in Plymouth, Michigan.

The acquisition expands the Group's business with the US military, increases its industrial base in the USA and creates further access for its technologies in North America. Furthermore, Rheinmetall is strengthening its production capacities in the USA with a view to targeted high-volume major orders for U.S. Army vehicle programs with a total potential of over USD 60 billion. Rheinmetall is one of two remaining participants in the current prototype phase of the XM30 program. This program serves to introduce a new generation of infantry fighting vehicles. The volume is estimated at around USD 45 billion for around 4,000 infantry fighting vehicles. Furthermore, Rheinmetall is participating in the CTT (Common Tactical Truck) program, which has a volume of around USD 16 billion for around 40,000 trucks.

In addition, Rheinmetall expects the acquisition of Loc Performance to bring considerable benefits for both its American and for its global business. For example, an experienced workforce with a high level of technical expertise - including in the maintenance, repair and combat enhancement of military combat vehicles - will be integrated into Rheinmetall's internal supply chains.

The purchase price agreed for Loc Performance, which will become due upon closing, is based on an enterprise value of USD 950 million. The closing of the transaction is subject to regulatory approvals.

With its skilled workforce of around 1,000 employees, Loc Performance generated significant and growing sales revenues. With its broad-based activities, the company will make a direct contribution to the Rheinmetall Group's fast-growing US military vehicle business, which is managed by American Rheinmetall Vehicles based in Sterling Heights, MI.

The acquisition provides the Rheinmetall Group with key capabilities in the US and enables American Rheinmetall Vehicles to more effectively and comprehensively supply the US Department of Defense by expanding the company's product portfolio and domestic manufacturing capabilities.

The investment follows Rheinmetall's clear strategy for growth in the United States, which will be an important core business for the Group in the future. Loc Performance is already pursuing a sustainable business model with robust organic growth, has a highly skilled workforce and offers the Rheinmetall Group significant capacity reserves for the targeted orders in the USA.

Loc Performance is a diversified full-service provider for both military and civilian customers. In addition to its headquarters in Plymouth, MI, the company has further locations in Lansing, MI and Lapeer, MI as well as in St. Marys, OH.

The vehicle specialist is a high-performance full-line supplier of drivetrains, suspensions, track systems, rubber products, armour products and fabricated structures for vehicle platforms. The company is an established supplier to the US government and, in particular, OEM for most military ground vehicle track systems in the USA. Loc Performance's current manufacturing capabilities include modernised fabrication, machining and welding technologies capable of meeting the critical manufacturing requirements of the US Army's XM30 and CTT programs. An available manufacturing footprint of 1.7 million square feet provides significant capacity for future expansion.

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End of Inside Information

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