



Essential move to accelerate our US success story

Acquisition of Loc Performance Products, LLC

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TAKING RESPONSIBILITY IN A CHANGING WORLD



Agenda

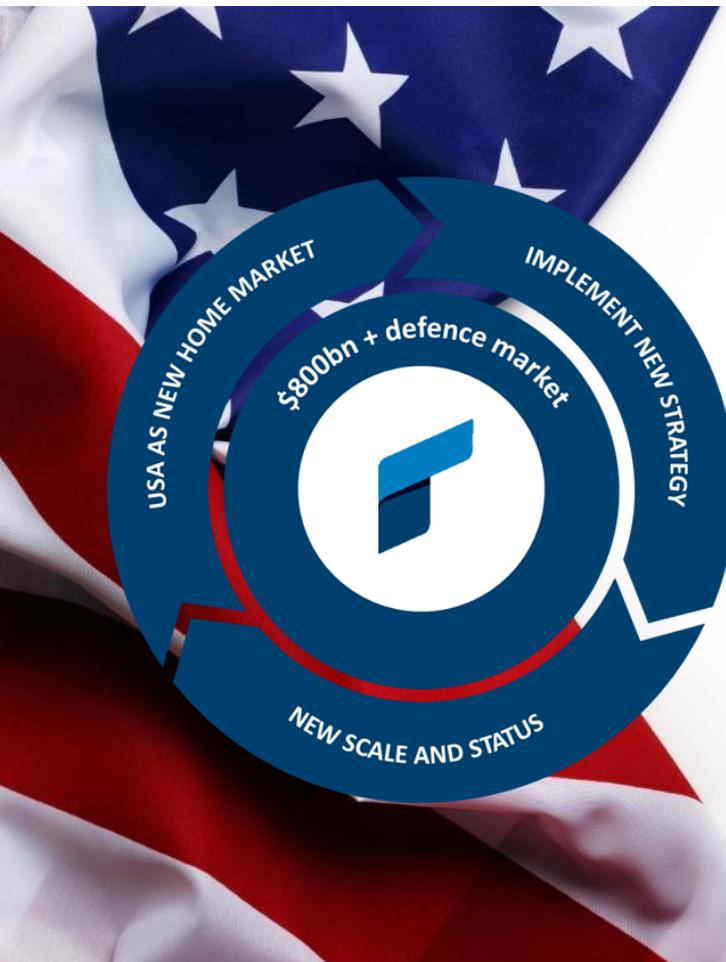
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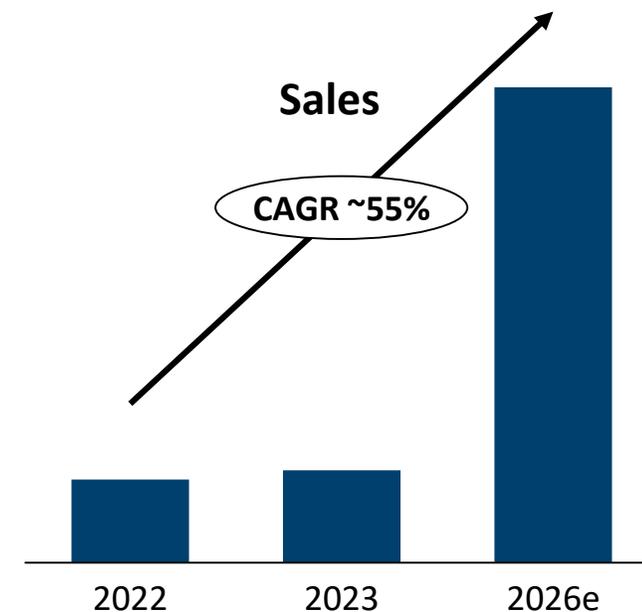
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Markets & Drivers: USA

Rheinmetall was traditionally underrepresented in the biggest defense market



- Historically, low orders from US Army
- Successful cooperation with US defense majors opens new possibilities
- Promising participation in leading US Army programs



Market Dynamics

Next move imminent to become a more complete U.S. player



From storefront to powerhouse



- Strengthen growing position in core business segments
- Continue political and customer footprint expansion

Become an integral part of the US defense industrial base



- Invest in major program execution
- Inorganic growth to meet growing capacity demands

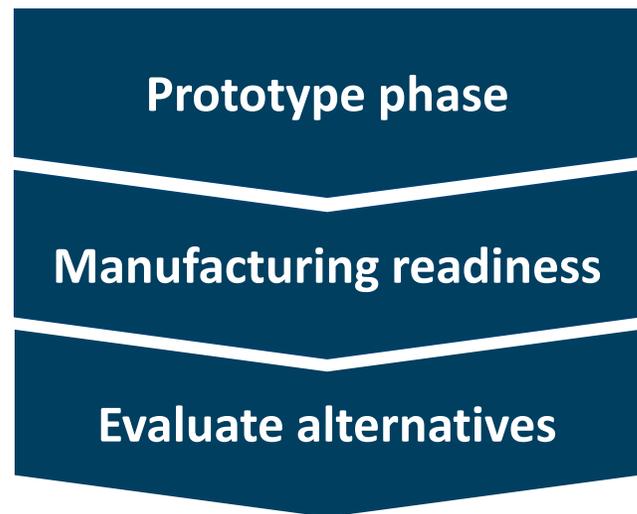
Vital to build resilience and breadth in portfolio



- Leverage cross-company technology portfolio for localization
- Capitalize on customer access and market awareness

Market Dynamics

Acquisition of Loc Performance is a testimonial to our commitment




XM30: 4,000 tanks @ \$45bn



CTT: 40,000 trucks @ \$16bn

Prototype awarded 06/2023

Prototypes delivered in 01/2024

Mandatory proof of manufacturing readiness prerequisite to reach the final stage

Proof until Q2/2026

Proof until Q1/2026

M&A versus Greenfield

Rheinmetall with clear preference for M&A approach

Faster implementation time ✓

Risk minimization ✓

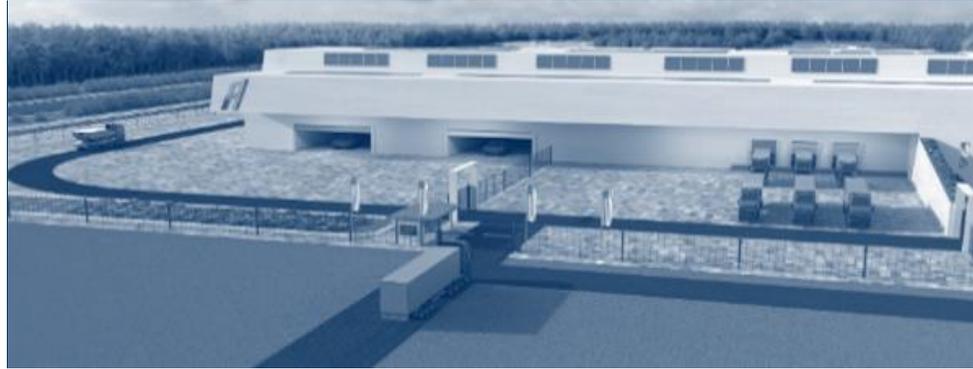
Political and industrial access ✓



Market Dynamics

Manufacturing Readiness Level 7 is a mandatory prerequisite for both programs

Localized vehicle production

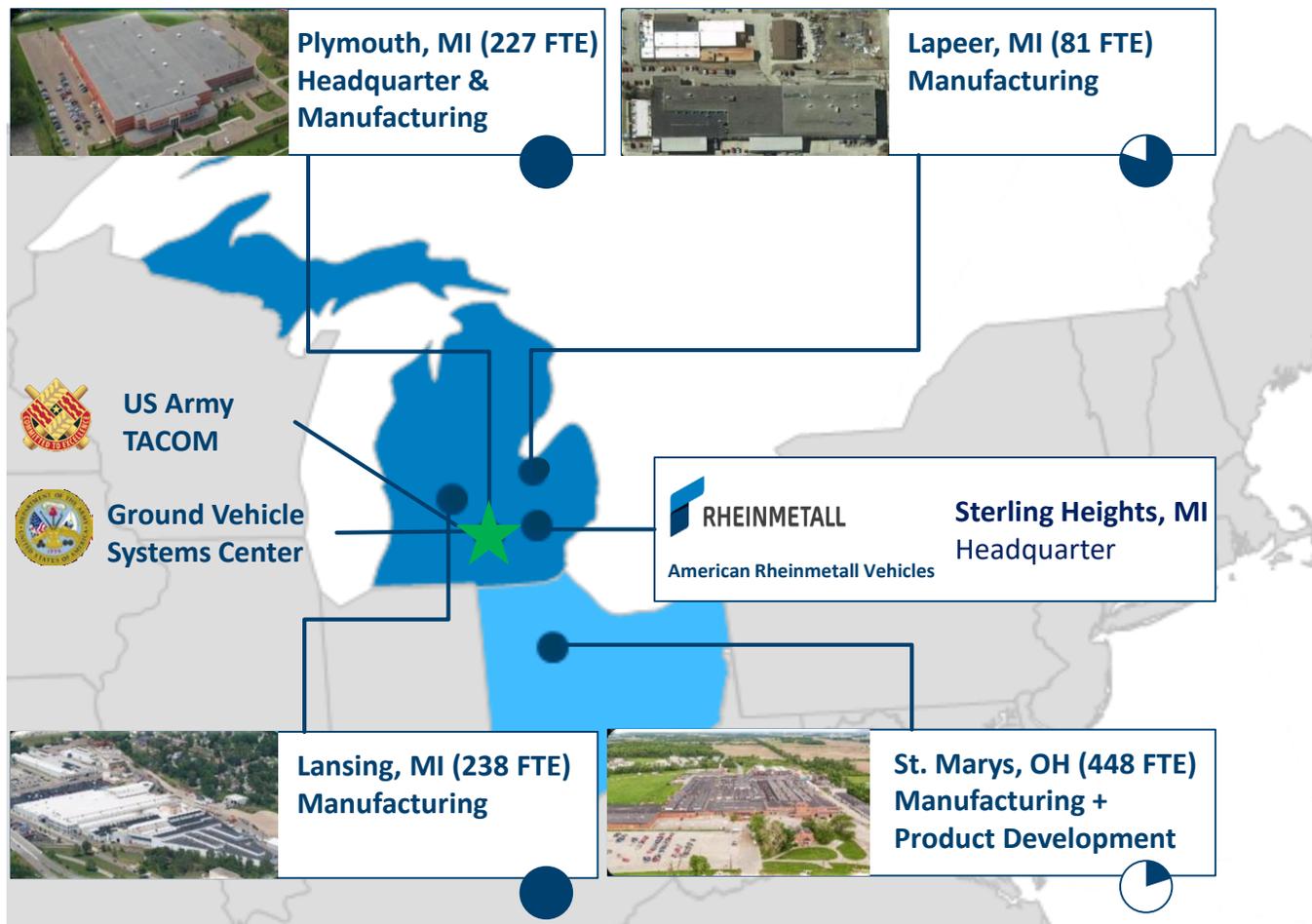


- Implementation of "Manufacturing Readiness" **must take place before** the start of the next program tender phase (CTT: Q1/2026; XM30: Q2/2026)
- US customer requires "Manufacturing Readiness Level 7" (MRL 7) before production start of small quantities:
 - **Proof of capabilities to produce systems**, sub-systems and components in manufacturing environment
 - Proof of manufacturing processes and procedures **in manufacturing environment**
 - Manufacturing environment = production plant in which the OEM **plans** to manufacture

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Strategically located in the heartland of the American ground vehicle industry



● Pie chart illustrates percentage of manufacturing capacity dedicated to defense business

Company overview

- Loc Performance Products, LLC was founded in 1971
- Significant and growing sales revenues
- ~1.000 highly skilled employees
- Experienced OEM for all military ground vehicle systems
- Prime contractor to the US Government
- 5 divisions

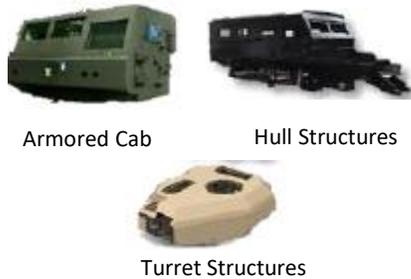
Business Focus

- Fabricated Structures
 - Mechanical Systems
 - Armored Products
 - Long Range Munitions
 - Track Systems
- Defense
- Civil / Defense

Company overview

Key capabilities to strengthen our technological position

Fabricated Structures



- Leading provider of large structures and complex integrated platforms
- Hull manufacturing combat vehicle fleet, from raw plate to finishing

Mechanical Systems



- Qualified provider of driveline and suspension systems
- Complex, precision machining and assemblies

Armored Products



- Full-service provider of critical armored components
- In-house ballistics lab used to design, develop and integrate armored solutions

Long Range Munitions



- Precision missile body structures and components
- Launch retaining provisions
- Weldments and structures

Track Systems



- Manufacturer of metal-based and cont. composite rubber track
- Military, Agricultural and Construction platforms

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Key Investment Highlights

Loc Performance ticks all boxes

Sustainable existing business

- Strong defense order pipeline
- Organic business growth anticipated

Highly qualified workforce

- Skilled professionals with core competencies for military vehicle development and manufacturing

Significant spare capacities

- 4 sites located in the heart of the ground vehicle industry
- All sites with sufficient expansion capacity

Low risk to miss manufacturing readiness

- OEM to the US Army
- Participation in a number of crucial Army projects

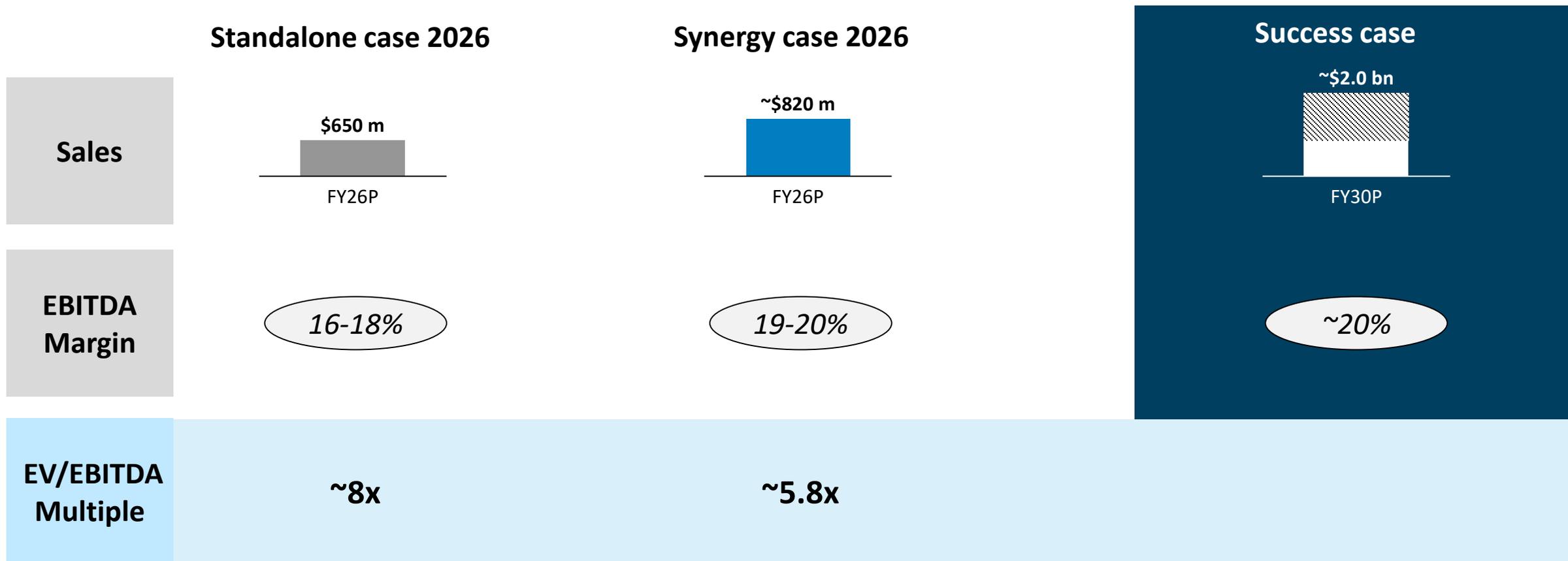
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Acquisition Financials

Focus is on the success case, but synergy case already very economic

Szenario Analysis with Enterprise Value of \$950 m



Peer Group EBITDA Trading Multiples:

FY26P 7,1x – 12,4x

(Source: Bloomberg)

Civil adj. Peer Group EBITDA Trading Multiples: **FY26P** 6,0x – 9,5x

(Source: Bloomberg)

Acquisition Financials

Fair valuation with great potential for future growth

Valuation

- Enterprise value of \$950 m
- Valuation of ~8 EV/EBITDA FY26 (standalone)
- Company's total capacity offers scope for potential annual sales of up to \$650 million with an EBITDA margin of up to 18% (standalone)

Financing

- Financing structure to be finalized at closing depending on the prevailing market conditions
- Sufficient liquidity from expected future cash position and available credit lines (debt financed)

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Acquisition Summary

Essential move to accelerate our US success story

Transaction

- Rheinmetall acquires **100%** of privately owned **Loc Performance**, a Plymouth, MI headquartered company
- **Enterprise value \$950 m**

Rationale

- **Reinforcement** of our commitment
- **Readily** available state-of-the-art capacities with **proven** manufacturing readiness
- **Experienced** and **highly skilled** workforce
- **Sustainable business** with strong backlog to the US Government
- **Vertical integration** offers competitive cost advantages

Financial evaluation

- **~8x** EV/EBITDA (FY26 standalone) Cash and debt financed
- Financing structure to be finalized until closing depending on prevailing market conditions
- **EPS pre ppa accretive** in first FY of consolidation

Timeline

- Signing on August 13 2024
- Closing of the transaction is subject to regulatory approvals

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