

November 3, 2011

## **Rheinmetall posts record result after three quarters Double-digit growth in sales and earnings**

- **Consolidated sales climb 14% to €3,105 million**
- **Consolidated EBIT rises €30 million to €203 million (up 17%)**
- **Defence: Stable performance at high level**
- **Automotive: Substantial increase in sales and earnings**
- **Sales and earnings forecasts for 2011 updated**

With an excellent performance by the Automotive sector and a new high for sales in Defence, the Rheinmetall Group, Düsseldorf, has posted a record result after the third quarter of 2011.

Rheinmetall AG reported a Group-wide sales increase of 14% for the first nine months and a 17% rise in EBIT.

The climb in sales was driven by both corporate sectors, whereby Automotive performed even better than Defence with growth of 19% and 8% respectively.

Klaus Eberhardt, CEO of Rheinmetall AG commented: "With double-digit growth in sales and earnings, we are still on track for success after three quarters. Thus, the course is set for a record year for Rheinmetall in 2011."

### **Rheinmetall Group: Profitability improves further**

At €3,105 million, sales by Rheinmetall AG were up €385 million or 14% year-on-year in the first nine months of 2011.

Over the same period, EBIT for the Rheinmetall Group rose from €173 million to €203 million, thereby reaching a new high for the first nine months. The improvement in earnings is equal to an increase of €30 million or 17% as against the Q3 figure for the previous year.

Consolidated net profit amounted to €119 million in the reporting period, up €19 million on the previous year. Earnings per share were €3.04 after €2.48 as of the end of the previous year.

The share of international sales rose slightly to 71% (previous year: 69%).

At the end of July 2011, Rheinmetall had announced that it is analyzing the continuation of its two-pillar strategy. In this context, Rheinmetall is in particular exploring the possibility of an IPO of KSPG AG, which represents the Automotive division of the Group. In light of prevailing high volatility and instability in the capital

markets, Rheinmetall regards the preconditions for an IPO of its Automotive division currently as not fulfilled.

### **Defence continues growth**

The Defence sector achieved sales of €1,370 million in the first nine months of 2011. The sales increase compared to the previous year amounted to 8% or €106 million. €29 million of this resulted from organic growth and €77 million from acquisitions. As in previous years the income in the fourth quarter will make the biggest contribution to the sector's result for the full year.

Incoming orders in the third quarter of 2011 amounted to a total of €450 million, an increase of €66 million as against the same three months of the previous year. Overall, incoming orders in the first nine months of 2011 were dominated by small to medium orders and, at €1,303 million, were down €165 million on the high figure for the previous year of €1,468 million.

From January to September 2011, the Defence sector generated EBIT of €104 million, a drop of €19 million from the prior-year figure. Unforeseen project costs of €11 million had already reduced EBIT in the first half of the year. After adjustment for positive and negative extraordinary effects, EBIT after three quarters amounted to €117 million, only slightly below the previous year's level of €123 million.

At €161 million, the Defence sector's EBITDA also deviated only slightly from the previous year, which had reported EBITDA of €164 million for the first nine months.

### **Automotive: Sales up by a fifth, EBIT virtually doubled**

In the first nine months of 2011, Rheinmetall Automotive generated sales of €1,735 million, exceeding the previous year's figure by a substantial €279 million or 19%. Thus, the increase in sales at Automotive after three quarters was also clearly in excess of the growth rates for automotive production in the NAFTA states (up 7.3%) and Western Europe (up 5.6%). The growth is even more significant compared to the Triad markets (Western Europe, NAFTA, Japan: down 0.9% combined) owing to the slump in Japan (down 21.8%).

This positive development was carried by all business units in the sector and, in addition to the continuing good economic situation in the global automotive sector, was also due to a series of new product start-ups. Overall, thanks to its forward-looking product range, Automotive benefited from the strong growth in the power train segment, which was driven by the rising trend towards reducing emissions and consumption.

Automotive set a new record for earnings. The sector posted EBIT of €115 million, thereby exceeding the previous year's result by €52 million or 83%.

The EBIT margin therefore rose to 6.6% for the first nine months after 4.3% in the same period of the previous year. In particular, this is due to the substantial improvements in the cost structure coupled with the rise in production unit numbers.

Two Chinese joint ventures are included in the consolidated financial statements at equity at 50% of their results. Their sales increased by 11% from €197 million in the previous year to €219 million in the first three quarters of 2011 – twice as much as production growth of 5.6% on the Chinese market.

## **Outlook: Rheinmetall updates annual forecasts for 2011**

Based on its sales and earnings performance in the first three quarters of 2011, Rheinmetall is updating the guidance for the year as a whole. Rheinmetall is forecasting consolidated sales for the current fiscal year of about €4.4 billion. This means an increase of €400 million or 10% as against the previous year. Rheinmetall expects the Defence sector to generate sales of around €2.1 billion, which is slightly below the previous forecast of €2.2 billion.

On the basis of the adjusted sales forecast for the Defence sector Rheinmetall now anticipates consolidated EBIT of between €340 million and €360 million in fiscal 2011. For the Automotive sector, Rheinmetall is projecting EBIT of between €140 million and €150 million. Rheinmetall expects to achieve a return on sales of more than 10% and EBIT of between €220 million and €230 million in the Defence sector for the current fiscal year.

**For more information, please contact:**

**Oliver Hoffmann**

**Head of Public Relations**

**Rheinmetall AG**

**Tel.: +49-(0)211-473 4748**

**[oliver.hoffmann@rheinmetall.com](mailto:oliver.hoffmann@rheinmetall.com)**