

## ► RHEINMETALL

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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.

On 13 August 2024 Rheinmetall has 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. 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.

## ► Key facts

- Company acquisition in the USA: Rheinmetall plans to take over Loc Performance Products, LLC.
- Loc Performance Products LLC, Plymouth, MI: skilled workforce of around 1,000 employees
- Company valued at USD 950 million
- Acquisition increases Rheinmetall's position in the USA and strengthens the core business with military vehicles on an international level
- Promising position in the competition for high-volume major contracts XM30 and CTT – total potential of over USD 60 billion

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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 ample capacity reserves for the targeted orders in the USA.

**Loc Performance Products, LLC** was founded in 1971 in Plymouth, MI and 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. In addition, the company's products are used by major vehicle manufacturers in the agricultural, construction, mining, locomotive, transportation and oil and gas industries. 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.

Armin Papperger, CEO of Rheinmetall AG: "We are making this investment because we have a clear strategy for growth and the United States will be an important core market for us in the coming years. The acquisition of Loc Performance proves that we are consistently focussing on success in the USA and want to expand our share of the large market volume. Everything speaks in favour of this acquisition: Loc Performance is already pursuing a sustainable business model there with robust organic growth, has a highly qualified workforce and offers us significant capacity reserves for the orders we are targeting in the USA."

Matthew Warnick, CEO of American Rheinmetall Vehicles: "In the USA, we have a promising position in two major military projects, both in the XM30 infantry fighting vehicle program and in the CTT project. The acquisition of Loc Performance gives us the manufacturing readiness that will enable us to realise the major orders we are aiming for. This puts us in a position to realise 100% local value creation in the USA."

Jason Atkinson, CEO of Loc Performance: "The significant engineering capabilities of American Rheinmetall Vehicles and the next-generation technologies that are part of the exceptional global Rheinmetall Group are a great fit with Loc Performance's 53 years of manufacturing experience in the United States. I am excited about this combination, which represents a powerful end-to-end solution that will bring even better products to our customers and even more growth to our combined company."

**American Rheinmetall Vehicles** provides US customers with next-generation tracked and wheeled combat vehicles and tactical wheeled vehicle platforms. American Rheinmetall Vehicles supports the U.S. Army in two major modernisation programs, the XM30 Combat Vehicle program, and the CTT program.

The acquisition of Loc Performance will be of great benefit to American Rheinmetall Vehicles as the company further expands and strengthens its presence in the United States. With the purchase, American Rheinmetall Vehicles acquires 1.7 million square feet of modern, efficient manufacturing space with significant capacity for future expansion.

American Rheinmetall is supporting the Department of Defense in key modernisation programs of national significance that directly improve the effectiveness, mobility and situational awareness of soldiers on the battlefield. This includes developing and delivering next-generation products and capabilities, including advanced direct and long-range precision fire weapons, innovative tracked and wheeled combat vehicle platforms, and intelligent mission systems.

The American Rheinmetall family includes American Rheinmetall Vehicles in Sterling Heights (MI) and Troy (MI), American Rheinmetall Munitions in Stafford (VA), Windham (ME) and Camden (AR), American Rheinmetall Systems in Biddeford (ME) and the parent company American Rheinmetall Defense in Reston (VA).

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