

March 1, 2018

Rheinmetall presents preliminary figures for fiscal 2017: The technology group continues to grow and increases profits

- **Consolidated sales grow 5% to €5,896 million**
- **Operating result rises 13% to €400 million**
- **Operating free cash flow improves significantly to €276 million**
- **Automotive generates an operating result of €249 million and raises operating margin to 8.7%**
- **Defence increases the operating result to €174 million – operating margin climbs to 5.7%**

The Düsseldorf technology group Rheinmetall generated consolidated sales of €5,896 million in fiscal 2017, an increase of €294 million or 5% compared to the previous year's figure of €5,602 million. Both sectors again contributed to the Group's growth in sales.

Operating result rose by €47 million or 13% to €400 million in fiscal 2017 after €353 million in the previous year. Including special items of €-15 million, EBIT amounted to €385 million. Special items included restructuring costs at two locations (€-24 million) and income from a property sale (€9 million) in connection with the former production site in Hamburg.

The improvement in the operating result is owed to the solid business performance of both sectors. Rheinmetall therefore increased its consolidated operating margin to 6.8% in 2017 after 6.3% in the previous year. The company's most recent guidance of an operating margin of slightly more than 6.5% will therefore be achieved in full.

Operating free cash flow has increased as well. It amounted to €276 million for the Group in 2017, significantly higher than the previous year's figure of €161 million.

Armin Papperger, CEO of Rheinmetall AG, said: "Our technology group is still on track for healthy growth. Both our sales and earnings rose further in fiscal 2017. There was also a further substantial improvement in cash flow. In terms of our focus on mobility and security, we feel we are excellently positioned for success on global growth markets and to further expand our business volume. Our goal is not just to set technologically important trends and expand market positions, but also to further increase earnings and cash flow in particular."

Automotive reports record sales

The Automotive sector continued to develop positively in fiscal 2017, and outperformed the previous year on all key figures. The sector's sales grew by 8% and income rose to a new high of €2,861 million (previous year: €2,656 million).

A strong growth contribution was again made by the Mechatronics division in 2017, which saw an increase in sales of €130 million or 9% year-on-year with its products for reducing consumption and emissions.

The sales figure for Automotive does not include the contributions from the joint ventures in China. Income there climbed by €20 million to €845 million (previous year: €825 million). Adjusted for currency effects, sales growth in China amounted to 9%. The wholly owned Rheinmetall Automotive subsidiaries in China increased their sales by 17% from €109 million in the previous year to €127 million in 2017.

The Automotive sector's EBIT before special items reached a new high of €249 million in fiscal 2017 (previous year: €223 million). Including the costs of €22 million for the closure of a production location in France, the sector's EBIT amounted to €227 million.

The operating margin rose to 8.7% in 2017 after 8.4% in the previous year.

Defence posts growth and significant earnings improvement

The Defence sector generated sales of €3,036 million in 2017, an increase of 3% or €90 million compared to the previous year's figure of €2,946 million.

The division reported incoming orders of €2,963 million in the past fiscal year, only slightly below the previous year's level (€3,050 million). The Defence sector's sales and order intake in the fourth quarter of 2017 were influenced by pending export decisions by the German government, which have not yet been made on account of the delayed formation of a government, and the postponement of individual projects until fiscal 2018.

Rheinmetall Defence's order backlog was down slightly in light of extensive deliveries at €6,416 million as of the end of 2017 (December 31, 2016: €6,656 million).

The sector's earnings rose at a faster rate than its sales growth in 2017. EBIT before special items amounted to €174 million in the reporting year, bettering the figure for the previous year by €27 million or 18%. After deducting non-recurring expenses of €2 million for the capacity adjustment of a site in the Netherlands, the sector's EBIT amounted to €172 million.

Rheinmetall Defence's operating margin rose to 5.7% in fiscal 2017 after 5.0% in the previous year.

Rheinmetall will publish its final figures and its outlook for fiscal 2018 on March 15, 2018.