

► WEAPON AND AMMUNITION

20 June 2024

Largest order in company history:

Rheinmetall receives framework contract for 155mm artillery ammunition for the Bundeswehr with a total gross value of up to €8.5 billion

The Duesseldorf-based technology group Rheinmetall has received a framework contract from the Bundeswehr for the delivery of 155mm artillery ammunition worth up to €8.5 billion gross. The contract was signed on 20 June 2024 by Annette Lehnigk-Emden, President of the Federal Office of Bundeswehr Equipment, Information Technology and In-Service Support (BAAINBw), and representatives of Rheinmetall in Koblenz at the office's headquarters.

An existing framework contract has been expanded considerably. The main purpose of the order is to replenish the stocks held by the Bundeswehr and its allies, as well as to provide support to the Ukraine in its defence campaign.

Deliveries are to begin at the start of 2025. The primary purchaser will be the Federal Republic of Germany, which will provide part of the supplies to the Ukraine. Additionally, the partner countries of the Netherlands, Estonia and Denmark are also participating in the order.

At the same time, an initial call-off from the framework contract was contracted to ensure the capacity utilisation of the new factory being built in Unterlues (Lower Saxony) in Germany during the start-up phase. This order also comprises the delivery of 155mm calibre projectiles in different versions with a gross order value of around €880m. Deliveries are also scheduled to begin in 2025. Further increased call-offs are also expected in the coming years.

Armin Papperger, Chairman of the Executive Board of Rheinmetall AG: "We are delighted about the largest order in our company's recent history. This large-volume framework contract underlines Rheinmetall's leading role as an ammunition supplier in Germany and our position as the world's largest manufacturer of artillery ammunition. We highly appreciate the great trust that is expressed in this long-term order as part of the security provision of the Federal Republic of Germany and its allies."

"The Federal Government is keeping its word. This framework contract will ensure the necessary capacity utilisation of the new factory that we are building at our Unterlues site in Lower Saxony to supply our armed forces with ammunition. The Federal Chancellor assured us of this during his visit on the occasion of the ground-breaking ceremony on 12 February 2024," Papperger continued.

► Key facts

- Largest order in the Rheinmetall's company history
- Extension of an existing framework contract for 155mm ammunition with a total gross value of up to €8.5 billion
- Start of delivery in 2025
- Recipient countries also Ukraine, the Netherlands, Estonia and Denmark

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Rheinmetall will produce the entire value chain for artillery ammunition in Unterlues, Lower Saxony, in order to be able to offer the “full shot” by a single source: the projectile, the fuse, the explosive charge and the propellant charge that propels the projectile out of the barrel when fired. An annual capacity of 100,000 projectiles will be achieved on site from the second year of production, increasing up to 200,000 p.a.

Background

Artillery is an essential ability in the land dimension. Experience from the war in the Ukraine shows the immense demand for artillery ammunition. The production capacity available in the western world is not designed for these quantities. Germany – like other countries – is therefore planning to procure large quantities over a longer period of time.

Rheinmetall is a leading manufacturer of military equipment and one of the world’s largest producers of ammunition. The company has recently made considerable investments in its production network. From 2025, Rheinmetall plans to produce up to 700,000 artillery shells and 10,000 tonnes of powder at its sites in Germany, Spain, South Africa, Australia and Hungary.

The ammunition family offered by Rheinmetall in the artillery sector includes the DM121 explosive projectile, the DM125 smoke projectile and the DM702 SMART search fuse ammunition (a production with Diehl Defence) as well as the RH68 training projectile and the RH1901 and RH1902 range-optimised smoke projectiles. The portfolio also includes the versatile 155mm Assegai artillery ammunition family from Rheinmetall Denel Munition: insensitive ammunition (IM), conventional explosive projectiles (High Explosive/HE) as well as smoke, illumination, infrared illumination and other projectiles. The entire Assegai ammunition spectrum can be used at the full range of around 40 kilometres.