

► DIVISION WEAPON AND AMMUNITION

1 August 2023

Rheinmetall completes acquisition of Spanish defence contractor Expal Systems

Move significantly expands the Group's ammunition production capacity

Rheinmetall AG has completed its takeover of all shares in Expal Systems S.A.U. of Madrid. First announced last November, the acquisition follows final approval by the relevant authorities. The transfer of Expal S.A.U.'s business activities to Rheinmetall took place on 1 August 2023. Rheinmetall thus continues to expand its position as an important supplier for NATO armed forces, systematically increasing its production capacity especially for artillery, mortar, and medium-calibre ammunition.

The purchase price for the takeover of Expal Systems S.A.U., a world-renowned ammunition and armament manufacturer, is about €1.2 billion. Moving forward, the company will operate under the name "Rheinmetall Expal Munitions S.A.U."

In a fast-growing market driven by increased demand for military equipment in countries around the globe, the acquisition provides Rheinmetall with swift access to greater production capacity, covering the entire ammunition production value-added chain, with multiple plants in Spain and a demilitarization and soil remediation business in the United States.

In this market environment Rheinmetall is an important supplier to the Ukrainian armed forces with large amounts of medium- and large-calibre ammunition, including 20mm automatic cannon rounds for the Marder infantry fighting vehicle, and 105mm and 120mm tank ammunition for the Leopard 1 and Leopard 2. In addition, a first lot of 35mm ammunition for the Gepard anti-aircraft tank will soon be ready for shipment.

In acquiring Expal, Rheinmetall aims to secure and strengthen its core business in weapons, ammunition and propellants. The current Expal Systems product portfolio encompasses artillery ammunition, mortar and medium-calibre rounds as well as fuses and rocket propulsion systems. In many cases, Expal's ammunition are "full shot" products, from propellant to fuse. Due to partly complementary product ranges, the acquisition significantly strengthens Rheinmetall's existing product portfolio.

Given the likelihood of strong future demand in many countries, the acquisition places Rheinmetall in a favourable position to respond to complex new ammunition procurement requirements.

Enhancing its direct access to this important market, the acquisition expands Rheinmetall's footprint in Spain, where the Group already has an automotive engineering plant in Abadiano. Rheinmetall Expal Munitions will continue to

► Key facts



- ▷ Rheinmetall completes planned takeover of Expal Systems S.A.U.
- ▷ Purchase price about €1.2 billion
- ▷ Operational activities will continue under the name Rheinmetall Expal Munitions S.A.U.
- ▷ Move expands production capacity and product range
- ▷ Strong global demand for ammunition set to continue to grow

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serve the Spanish armed forces as a preferential and key partner, offering its products, technology and industrial capabilities.

Rheinmetall sees maintaining the company's existing technology and staff as essential; all locations (Madrid, Trubia, Burgos, Navalmoral, El Gordo, Albacete and Murcia in Spain as well as Texarkana in the USA) are therefore to remain fully operational, with further expansions planned.

Rheinmetall is very pleased to be welcoming a new company to the Group, and especially to be augmenting its workforce with highly skilled new staff. Reinforced by Rheinmetall Expal Munitions, the Group will continue contributing to global security, meeting the needs of a fast-growing market.