

August 10, 2012

## **Rheinmetall stays on course for growth**

- **Consolidated sales up 9% to €2,253 million in the first half of 2012**
- **Automotive generates increases in sales and earnings**
- **Defence with strong growth in orders**
- **Consolidated EBIT achieves the previous year's value of €127 million**
- **Earnings per share increases to €2.20 after €1.91 in the previous year**
- **Forecasts for fiscal year 2012 confirmed**

The Düsseldorf-based Rheinmetall Group remains on course for growth. In the first half of 2012, the Automotive corporate sector generated significant growth in sales and earnings. The Defence sector achieved gains, particularly in incoming orders despite the market environment becoming more difficult.

Rheinmetall AG is reporting consolidated sales of €2,253 million for the first half of 2012, which equates to an increase of €178 million or 9% on the same period of the previous year (€2,075 million).

Earnings before interest and taxes (EBIT) at the Rheinmetall Group amount to €127 million after the first six months, as in the previous year. The improvement in earnings in the Automotive sector was offset by weaker earnings in the Defence sector. Improvements in net interest and lower tax expenses year-on-year increased consolidated net profit to €82 million after €75 million in the previous year. Earnings per share thus increased to €2.20 in the first half of the year after €1.91 in the same period of the previous year.

Klaus Eberhardt, CEO of Rheinmetall AG: "With significant sales growth and stable earnings, the Group remains on a robust course for growth. Assuming that economic conditions do not deteriorate further in the second half of the year, we are sticking to our Group targets for 2012. On the basis of the earnings performance so far, achieving the corporate targets in Defence is sure to be a particular challenge in the coming months."

### **Defence: Important contracts won**

In the first half of 2012, the business development of Rheinmetall Defence was characterized by a significant growth in incoming orders and important market successes in Germany and abroad. Incoming orders rose to €1,138 million in the first half of 2012, after €853 million in the same period of the previous year. This equates to an increase of 33%.

Major single orders were the beginning of the series production contract for "Gladius" modern infantry equipment for the German armed forces (€44 million) and two air defense orders from the Middle East and Asia with a total value of approximately €130 million.

In the first half of 2012, Rheinmetall Defence generated growth of €106 million or 12% with sales of €1,010 million. This growth resulted from companies included in consolidation for the first time, which increased sales by €137 million in the first half of 2012 compared with the previous year.

Earnings in the Defence sector fell short of the prior-year figure in the first half of 2012. Reported earnings before interest and taxes (EBIT) amounted to €56 million, down on the prior-year figure of €62 million. The half-year earnings for the current fiscal year include the income from the disposal of 51% of the shares in the drone division to Cassidian, a division of the EADS Group.

### **Automotive: Earnings and profitability improved**

The Automotive sector is in good shape in terms of sales and earnings in the first half of 2012. Automotive is reporting sales of €1,243 million for the first half of 2012, exceeding the previous year's figure by €72 million or 6%. Sales clearly rose above the performance of automotive production in Western Europe, which declined 8.3% year-on-year. This is primarily attributable to the high level of demand for products addressing the trend for reducing consumption and exhaust gases.

The Chinese joint ventures, which are not included in the sales figures for the Automotive sector, enjoyed growth of 37% in the first half of 2012, with sales amounting to €196 million as against €143 million in the previous year. This means that they have continued to outperform automotive production in China, which posted growth of 7.9% on the same period of the previous year.

With EBIT of €85 million in the first half of 2012, the Automotive sector has succeeded in improving on the prior-year earnings figure of €76 million by 12%. This improvement, which is stronger than the corresponding sales growth, is attributable to an increase in margins to 6.8% after 6.5% in the first half of the previous year.

### **Outlook: Forecasts for fiscal year 2012 as a whole confirmed**

On the condition that overall economic development is not distorted significantly in the coming months as a result of the European debt crisis, and that the growth forecast for the global economy continues, Rheinmetall is expecting consolidated sales of around €4.9 billion for the current fiscal year, which represents growth of 8%. This development will be driven by both the Automotive and Defence sectors.

Based on current expert forecasts, which expect the automotive industry to continue developing stably in the second half of the year, Rheinmetall is forecasting sales growth of around 5% for the Automotive sector in 2012. The sector is expected to generate sales of just over €2.4 billion in the current fiscal year.

With defense expenditure set to decline in Europe and the USA, Rheinmetall is forecasting sales of around €2.5 billion in the Defence sector. This figure includes the sales contributions from Rheinmetall MAN Military Vehicles GmbH, which consists of the logistical vehicles of MAN and is included in consolidation for the first time from the start of fiscal 2012.

Rheinmetall continues to expect consolidated earnings before interest and taxes (EBIT) to remain unchanged year-on-year in fiscal 2012. This forecast is based on a moderate decline in earnings in the Defence sector. However, a slight improvement in earnings is anticipated for the Automotive sector.

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