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Record result for Rheinmetall in 2011 Dividend to be increased to €1.80

- **Consolidated sales up 12% to €4,454 million**
- **EBIT grows to new record of €354 million**
- **Earnings per share up 31% year-on-year at €5.55**
- **Dividend increase from €1.50 to €1.80 per share proposed**
- **Outlook for 2012: Rheinmetall aiming for consolidated sales of €4.9 billion and a result at the record level of 2011**

The Düsseldorf-based Rheinmetall Group closed the 2011 fiscal year with double-digit growth in sales and a record result. Further growth is anticipated in 2012, while EBIT is expected to match the record level of 2011.

Klaus Eberhardt, CEO of Rheinmetall AG, says: "Following an excellent fiscal year in 2011, we have once again set ourselves ambitious targets this year. We are aiming for sales of €4.9 billion in 2012 and want to maintain our result at the record level reached in 2011. We want to defend our leading technological position in both divisions and strengthen our position on the international markets."

Consolidated sales reach €4.5 billion

The Rheinmetall Group achieved sales of €4,454 million in the 2011 fiscal year, which represented an increase of 12% on the previous year's figure of €3,989 million. The increase in sales was achieved through growth in both Group divisions. Particularly strong growth of 17% was recorded in the Automotive division; however, the Defence division also continued to grow organically and through acquisitions, with a total increase in sales of 7%.

At 70%, the proportion of consolidated sales achieved abroad was up slightly on the previous year's figure (after 69% in 2010).

Disproportionately large increase in profit – earnings per share grow to €5.55

The EBIT of the Rheinmetall Group rose by €57 million or 19% year-on-year to €354 million in the 2011 fiscal year, compared with €297 million in 2010. The operating result thus reached a new record level. The EBIT margin for the Group rose from 7.4% in 2010 to 7.9% in the period under review.

With an improvement of €9 million in net interest, Rheinmetall also achieved a new record of €295 million for EBT. After deduction of income taxes of €70 million, Rheinmetall achieved net income of €225 million, which represented growth of €51 million or 29% compared with the previous year.

After deducting profit attributable to minority interests of €12 million, earnings per share now amount to €5.55 (previous year: €4.23). This constitutes an improvement of 31% year-on-year.

Shareholders to benefit: Dividend payment of €1.80 proposed

In view of the positive earnings development, the Executive Board and Supervisory Board will propose to the Annual General Meeting on 15 May 2012 that a dividend of €1.80 per share be distributed, an increase of €0.30 (previous year: €1.50). The payout ratio will thus be 32%.

Defence: Presence on international markets expanded

The Defence division further expanded its international presence in the 2011 fiscal year. With orders from Algeria for the Fuchs armored transport vehicle and for a military training center for the Russian Federation, the division has entered two new markets. The division also pursued its acquisition strategy, with takeovers of smaller and medium-sized companies in Germany, Switzerland and South Africa. The joint venture with MAN for wheeled military vehicles entered its second phase as scheduled in January 2012 with the integration of the two production sites in Vienna (MAN) and Kassel (Rheinmetall) and will be fully included in Rheinmetall's corporate accounting for the first time in the current fiscal year.

With sales of €2,141 million, the Defence sector recorded an increase of €134 million or 7% in fiscal 2011 compared with the previous year's figure of €2,007 million. Acquisitions represented growth of €77 million or 4%; organic growth amounted to €57 million or 3%.

The order intake in fiscal 2011 was down 7% on the previous year's figure of €1,977 million at €1,831 million. The previous year's figure had included several large orders, while business in 2011 was more dominated by a large number of smaller and medium-sized orders. The order backlog remains at a high level. As at December 31, 2011, it amounted to €4,541 million, compared with €4,772 million in the previous year.

Rheinmetall Defence recorded a slight drop in EBIT in the last fiscal year to €223 million, compared with €234 million in the previous year. The EBIT margin was once again high at 10.4% (previous year: 11.6%) and has thus remained in double figures since 2008.

The effects of write-downs on purchase price allocations, particularly for the most recent acquisitions, of €17 million were taken into account in the EBIT for 2011. These had a negative impact on profits. The EBITDA, which does not include these effects, amounted to €303 million, an increase of €6 million on the previous year. At €207 million, EBT was at the same level as the previous year.

Automotive: Sales and profits at record level

The Automotive division further expanded its presence in the fastest-growing regions of the global market in the year under review and, with sales growth of 17%, significantly outperformed the international markets. Worldwide production of passenger cars grew by 3% in the same period; in the Triad markets of Western Europe, NAFTA and Japan, production increased by only about 1%.

The division's non-consolidated 50:50 joint ventures in China also fared considerably better than the Chinese market, which saw production growth of 3% in 2011: With a year-on-year increase of 16%, sales (100%) rose to €298 million (previous year: €258 million).

The plant in Pune, India, which is in the process of being set up, doubled its sales year-on-year to €18 million in the last fiscal year. In fall 2011, the Automotive division acquired the plain bearings business of Kirloskar, which contributed €5 million to these sales in the fourth quarter.

In total, the Automotive division generated sales of €2,313 million in the 2011 fiscal year. This means that the record sales of €2,249 million achieved in 2007, before the global automotive crisis broke out, were exceeded by €84 million. Compared with the previous year's figure of €1,982 million, there was an increase of €331 million or 17%.

The division also achieved record EBIT in fiscal 2011: Following EBIT of €81 million in the previous year, Automotive has reported growth of €70 million or 86% to €151 million for the 2011 fiscal year. The EBIT margin saw a significant increase from 4.1% to 6.5%, due to the disproportionately large increase in earnings in comparison to sales.

At €254 million, the EBITDA of the Automotive division was up by €71 million or 39% in 2011. Earnings before tax more than doubled to €135 million in 2011, compared with €63 million in the previous year.

Outlook: Continuation of corporate growth

Rheinmetall anticipates further growth in the Group: For fiscal 2012, Rheinmetall expects consolidated sales of approximately €4.9 billion, following €4.5 billion in the past fiscal year.

Sales development in the **Automotive** sector will continue to be largely determined by the global automotive industry in the current fiscal year. Here, growth expectations for automotive production in North and South America and in Asia – according to current expert forecasts – will be accompanied by an anticipated decline in production volumes in Western Europe. Against this backdrop, Rheinmetall is currently expecting the Automotive sector to achieve sales growth of around 5% to slightly over €2.4 billion in 2012.

With lower defence expenditure in some European countries and the USA in 2012, the **Defence** sector is expecting sales slightly down on the previous year's level based on the current scope of consolidation. Based on the addition of logistical vehicle sales in the Rheinmetall MAN Military Vehicles (RMMV) joint venture, which is to be fully included in corporate accounting for the first time from the start of fiscal 2012, Rheinmetall is anticipating sales of approximately €2.5 billion for the Defence sector in 2012, following €2.1 billion in 2011.

For the current **2012 fiscal year**, Rheinmetall anticipates consolidated earnings before interest and taxes (EBIT) around the same level as the previous year, when the best result in the history of the Company was achieved with €354 million. Somewhat weaker earnings development in the Defence sector forms the basis of this expectation. However, a slight improvement in earnings is anticipated for the Automotive sector.

Rheinmetall expects growth in sales and earnings in **fiscal 2013**. This requires the continued positive development of the global automotive industry and the implementation of large projects in the Defence sector as planned.