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Rheinmetall achieves record figures in fiscal 2021:

Earnings at all-time high – margin reaches 10.5% Rheinmetall on course for profitable growth in 2022

Fiscal 2021

- Consolidated sales increase by 4.7% to €5,658 million
- Operating result improves by 33% to a record figure of €594 million
- Group's operating margin reaches 10.5%, after 8.3% in the previous year
- Operating free cash flow increases from €217 million to €419 million
- Record Rheinmetall backlog of €24.5 billion
- Proposed dividend of €3.30 per share, after €2.00 in the previous year

Outlook for 2022: Sales growth and stable high margins

- Rheinmetall forecasts sales and earnings growth to continue in 2022
- Consolidated sales currently expected to grow by between 15% and 20%
- Group's operating margin currently expected to be over 11%

Rheinmetall AG, Düsseldorf, continued on its profitable growth trajectory and closed fiscal 2021 with record figures. New record highs were set for both the operating result and operating free cash flow. Thanks to high-volume major orders from military customers and because international automotive manufacturers were awarding more contracts again, the order backlog is also at an all-time high. Consolidated sales increased mainly in the civilian business, which was characterized in 2021 by increasing demand in the global automotive industry.

Rheinmetall forecasts continuing sales and earnings growth for fiscal 2022. In the altered security policy situation, the Group considers itself to be in an auspicious position to play an important role in the imminent increase in defence capabilities with military products in Germany and partner countries.

Armin Papperger, Chief Executive Officer of Rheinmetall AG, comments: "Rheinmetall is on a very good course. Thanks to the strategy program concluded in 2021, we have completed the development into an integrated technology group in organizational terms. This is now paying off: For the first time, we have generated a record operating margin of more than half a billion. We are very proud of this achievement, which is based on all five of our divisions."

"In light of the changed political situation in Europe, many countries are now intensifying their efforts for security. With our products, we will participate in increasing budgets for military equipment. Security – as shown by the current conflict – is the bedrock of our life in peace and freedom. Rheinmetall has a special obligation here. We have created excellent conditions to help shape the

► Key facts

- ▷ Consolidated sales reach €5,658 million (+4.7%)
- ▷ Consolidated operating result of €594 million (+33%)
- ▷ Operating margin in double digits at 10.5%
- ▷ Operating free cash flow reaches €419 million
- ▷ Record Rheinmetall backlog of 24.5 billion
- ▷ Proposed dividend of €3.30
- ▷ **Due to additional order potential from the Bundeswehr:** Sales growth of between 15% and 20% and operating margin of over 11% expected in fiscal 2022

► Contact

Dr. Philipp von Brandenstein
Head of Corporate
Communications
Rheinmetall AG
Tel.: +49 (0)211 473 4320
philipp.vonbrandenstein@
rheinmetall.com

► Social media

- 🐦 @Rheinmetallag
- 📷 @Rheinmetallag

transformation of the markets and achieve our ambitious targets for sustainable profitable growth. This also applies to our civilian activities: With a growing share of sales attributable to alternative drive technologies, we are well on track to handle the transformation of the industry and leverage new growth potential.”

Group’s profits soar with rising sales – free cash flow nearly doubled

In fiscal 2021, the Rheinmetall Group generated consolidated sales of €5,658 million. Compared with the previous year’s sales of €5,405 million (adjusted for discontinued operations in accordance with IFRS 5), this is an increase of €253 million or 4.7%. Adjusted for currency effects, sales growth was 4.4%.

Fiscal 2021 was characterized by significant sales increases in the Sensors and Actuators and Materials and Trade divisions. With their civilian business, these divisions benefited from the – compared with the crisis year 2020 – increasing demand in the global automotive industry. In the other divisions, the sales level increased slightly. The international share of consolidated sales in the year under review was around 66% after 64% in the previous.

On December 31, 2021, the Rheinmetall backlog was €24.5 billion, a new high. This figure includes binding orders (order backlog) and orders from framework contracts (frame backlog) as well as the nominated backlog of the civilian business.

With growth of 33%, Rheinmetall significantly increased its consolidated operating result (EBIT before special items) year-on-year in fiscal 2021. It increased by €148 million to €594 million, after €446 million (previous year’s figure adjusted for discontinued operations in accordance with IFRS 5) in fiscal 2020. This is the highest operating result in the company’s recent history. The Group’s operating margin was 10.5%, which was significantly higher than the previous year’s figure of 8.3%.

Taking into account the positive special items of €14 million – primarily from a real estate sale – EBIT in the Rheinmetall Group was €608 million and thus €211 million above the previous year’s figure of €398 million.

Earnings after taxes reached €332 million, significantly higher than the previous year’s figure of €1 million. In the previous year, earnings included special items for impairment for piston production and provisions for restructuring measures.

After deduction of earnings attributable to non-controlling interests of €41 million (previous year: €27 million), earnings attributable to shareholders of Rheinmetall AG were €291 million, compared with €-27 million in the previous year. This results in earnings per share of €6.72, compared with €-0.62 in the previous year. Adjusted earnings per share from continuing operations increased from €5.93 to €9.04.

On this basis, a dividend payment for fiscal 2021 of €3.30 per share will be proposed to the Annual General Meeting, compared with €2.00 in the previous year. This equates to a payout ratio of 36.5% of adjusted earnings per share (previous year: 34%).

The operating free cash flow generated in the Rheinmetall Group in fiscal 2021 amounted to €419 million or 7.4% of sales. It was therefore well above the strategic target range of 3% to 5% of sales. Compared with €217 million in the previous year, free cash flow increased by around 93% in the period under review.

Vehicle Systems: Orders acquired worth more than €2.8 billion

The Vehicle Systems division, which operates in the sector of military wheeled and tracked vehicles, generated sales of €1,883 million in fiscal 2021, exceeding the previous year’s figure of €1,846 million by 2.0%.

Significant sales contributions came from two major international projects relating to armored Boxer all-wheel-drive vehicles. In Australia, deliveries were made under the major order for 211 Boxer

combat reconnaissance vehicles. In Great Britain, the start of production of the high-volume program to deliver 500 Boxer mechanised infantry vehicles resulted in initial sales.

Further significant sales were generated with the delivery of military trucks to the Bundeswehr and with logistic vehicles delivered to the Australian armed forces on the basis of a contract in place since 2013.

The order intake for the Vehicle Systems division in the year under review was €2,851 million, after €4,389 million in the previous year. With the order to modernize the British Challenger 2 main battle tank fleet, the division won a major contract of around €770 million to equip the European NATO land forces. Major new contracts were also signed with the armed forces in Germany. The delivery of armored engineering vehicles to the Bundeswehr has a net contract value of around €248 million; the further modernization of the Puma infantry fighting vehicle comprises an order volume of around €421 million (net).

The division's operating result improved by around €24 million to a total of €174 million in 2021. At 9.2%, the operating margin exceeded the previous year's figure of 8.1% thanks to a better product mix.

Weapon and Ammunition: Operating result increases to €218 million

The Weapon and Ammunition division generated sales of €1,233 million with its weapon system and ammunition activities in the year under review. Measured against the previous year, this represents an increase in sales of €34 million or 2.8%. The Propulsion Systems business unit made a contribution to this sales growth, increasing its sales by €15 million year-on-year, mainly due to growth in the civilian chemicals business. Another positive effect resulted from the development of new business areas by the newly founded Rheinmetall Project Solutions GmbH, which provides the Bundeswehr with logistical deployment services. Based on a framework agreement, initial sales worth €16 million have already been generated here.

At €1,403 million, order intake in the Weapon and Ammunition division was €357 million lower than the previous year's figure of €1,760 million, which was particularly high due to a large-volume individual order from Hungary. Significant individual orders in fiscal 2021 included the order for the modernization of the British Challenger 2 main battle tanks' weapon systems in the amount of €134 million and orders from the Bundeswehr with a total volume of €283 million.

The operating result in the Weapon and Ammunition division rose by €33 million to around €218 million in fiscal 2021 (previous year: €184 million), mainly due to the higher sales volume. The operating margin improved from 15.4% in the previous year to 17.6% in the year under review due to intensified cost optimization measures and a more profitable product mix in the traditional ammunition business.

Electronic Solutions: Operating margin increased to 10.6%

The Electronic Solutions division, which develops and produces solutions in the field of defence electronics, generated sales of €932 million in fiscal 2021, on a par with the previous year (€931 million). Sales in the period under review were largely influenced by the delivery of air defence systems to an international customer and by sales as part of the German contribution to NATO's VJTF (Very High Readiness Joint Task Force) forces. Other relevant sales came from the division's share in a major vehicle project for Australia and the expansion and modernization of Skyguard air defence systems for international customers.

The division recorded order intake of €1,021 million in fiscal 2021, compared with €1,065 million in the previous year. Significant incoming orders were booked for air defence systems and for electronic components in the modernization program for the German armed forces' Puma infantry fighting vehicle.

The order backlog of the Electronic Solutions division amounted to €2,420 million at the end of fiscal 2021, compared with €2,298 million in the previous year. The order backlog thus increased by €122 million or around 5.3% year-on-year.

At €99 million, the division's operating result was up 7.6% on the previous year's figure of €92 million. The operating margin increased from 9.8% in the previous year to 10.6% in the year under review thanks to the successful completion of major orders and due to measures to reduce costs.

Sensors and Actuators: Significant increase in sales and operating result

The Sensors and Actuators division, which does business with its components and control systems for reducing emissions and for thermal management, increased its sales by 9.4% or €113 million to €1,315 million in the year under review following the pandemic-related slump in 2020. Significant increases in sales were generated in the first half of 2021 in particular. The second half of 2021 was dominated by the market shortage for electronic components and correspondingly reduced customer call-offs. The increase in the division's sales is significantly greater than the global growth in light vehicle production, which is put at 2.5% (IHS Markit).

The division's booked business in fiscal 2021 was 48% higher than a year earlier at €2,472 million (previous year: €1,665 million). The volume of orders for alternative drive systems almost doubled as against the previous year and attained a share in total booked business of roughly 30%.

The Sensors and Actuators division achieved an operating result of €103 million in fiscal 2021. This corresponds to a significant increase of €67 million compared with the previous year. The division's operating margin increased by 4.9 percentage points to 7.8%.

Materials and Trade: Operating result more than doubled

The Materials and Trade division, which supplies plain bearings and structural components and conducts global aftermarket business, increased sales in 2021 by 22% or €115 million to €651 million compared with the previous year, which was severely impacted by the coronavirus pandemic.

The Bearings and Trade business units showed a very good year-on-year sales performance. The Bearings business unit increased sales by 22% year-on-year. In the plain bearings business this was due to higher overall volume sales, which were achieved despite supply volume reductions at some automotive manufacturers due to the shortage of semiconductors. The business unit increased sales year-on-year in Europe in particular. In the Continuous Castings unit, the increase in sales resulted from a significant rise in tonnage and material price increases which could be passed on to customers.

The Trade business unit achieved 20% higher sales than a year earlier. The key factor here was the Independent Aftermarket unit, which considerably increased its sales in Western and Eastern Europe and Latin America above all. However, sales in the Original Equipment Supplier/Original Equipment business also exceeded the previous year's level.

Booked business in the Materials and Trade division came to €720 million in the period under review, a significant year-on-year increase of 26%. However, the previous year's figure was impacted by the cautious approach of automotive customers to orders in the pandemic situation.

The Materials and Trade division achieved an operating result of €51 million in fiscal 2021, up €22 million on the previous year. As a result, the division's operating margin increased by 2.4 percentage points year-on-year to 7.8%.

Rheinmetall Group forecast for 2022: Strong sales growth with stable high margins

Based on the current market outlooks, the Rheinmetall Group expects growth in sales and anticipates a higher operating margin combined with an improved operating result in fiscal 2022.

The Rheinmetall Group's annual sales are expected to increase organically by between 15% and 20% against the previous year's level in fiscal 2022 (previous year's sales: €5,658 million). This growth forecast accounts for the latest knowledge regarding the German government's plans for possible procurements from the 2022 defence budget and the new special armed forces fund, more details of which have emerged in recent days.

In light of this, the growth forecast (8% to 10%) stated in the 2021 annual report could be adjusted to the current situation for the first time.

Based on the current sales forecast and taking into account holding costs, in fiscal 2022 Rheinmetall is expecting to see an improvement in the Group operating result and a Group operating margin of over 11% (previous year's margin: 10.5%).

In line with the relevant current developments, Rheinmetall will make any necessary adjustments to its forecast during the course of the year.

Forward-looking statements and projections

This publication includes forward-looking statements. These statements are based on Rheinmetall AG's current estimates and projections and information available at this stage. Forward-looking statements are not a guarantee of future performance. They depend on a number of factors, include various risks and uncertainties and are based on assumptions that may prove to be incorrect. Rheinmetall is under no obligation to update the forward-looking statements in this publication.