

April 27, 2012

## **Rheinmetall in the first quarter of 2012: Automotive sector hits new high**

- **Consolidated sales up 8% to €1.1 billion in the first quarter**
- **Automotive generates record sales and earnings**
- **Defence with strong growth in orders**
- **Consolidated EBIT of €45 million with still weak earnings contribution from Defence**
- **Forecasts for fiscal year 2012 confirmed**

Rheinmetall has started 2012 with excellent performance in the Automotive sector and a muted first three months in the Defence sector. The Group remains on its growth path, generating new record sales of €1.1 billion in the first quarter.

The weak earnings performance in the Defence sector in the first quarter meant that consolidated earnings before interest and taxes (EBIT) declined overall despite the record figures in the Automotive sector. Rheinmetall reported EBIT of €45 million in the first quarter compared with €77 million in the same period of the previous year.

The Company has confirmed its expectations for fiscal year 2012.

The review of the two-pillar strategy that was announced in 2011 will be continued. The IPO of the Automotive sector remains an option, although this will depend on the further development of the capital markets, among other things.

### **Automotive: Record sales and earnings**

Rheinmetall Automotive reported record figures in the first quarter of the current fiscal year. Automotive generated all-time record sales of €638 million in the first three months, up €52 million or 9% on the same period of the previous year. This meant that, as in 2011, the Automotive sector again recorded significant year-on-year sales growth in the first quarter of 2012 and clearly outperformed global automotive production, which increased by 4.4% in the same period.

Rheinmetall Automotive's earnings before interest and taxes (EBIT) also reached a record level of €46 million, up €6 million or 15% on the first quarter of 2011. The EBIT margin amounted to 7.2% after 6.8% in the previous year.

## **Defence: Growth in sales and orders**

The Defence sector of the Rheinmetall Group saw mixed development in the first quarter. Sales increased by €30 million or 7% year-on-year to €471 million. This development was attributable solely to the companies included in the consolidated financial statements for the first time, which accounted for sales growth of €70 million compared with the previous year; this related in particular to the first-time consolidation of the logistical vehicles from the joint venture Rheinmetall MAN Military Vehicles GmbH (RMMV). Excluding the companies included in consolidation for the first time, the Defence sector saw a decline in sales of €40 million, which primarily results from subsequent contract milestones in various projects.

Despite the difficult overall market environment, the Defence sector saw significant growth in new orders in the first quarter of 2012, with incoming orders rising by €116 million or 37%, from €316 million in the previous year to €432 million in the first quarter of 2012.

As expected, earnings development in the first quarter of 2012 was down on the previous year. At €4 million, reported earnings before interest and taxes (EBIT) were significantly lower than the prior-year figure of €38 million; however, the latter figure includes a positive one-off-effect of €11 million from ADS Gesellschaft für aktive Schutzsysteme mbH, which was caused by the transition in accounting of the equity carrying amount for full consolidation.

In line with expectations, the logistical vehicles of RMMV, which were included in consolidation for the first time, reported a low net loss in the first quarter of 2012. Furthermore lower sales of €40 million from product areas which generated significant earnings contributions have led to a reduced result in comparison with the previous year.

Catch-up effects are expected in the second half of 2012.

## **Expectations for 2012 as a whole confirmed**

Rheinmetall is expecting consolidated sales of around €4.9 billion for the current fiscal year after €4.5 billion in the previous year. This growth will be driven by both the Automotive and Defence sectors.

Based on the performance of the global automotive industry, 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 defence spending set to decline slightly in some parts of Europe and the USA, Rheinmetall is forecasting sales of around €2.5 billion in the Defence sector in 2012 after €2.1 billion in the previous year. This forecast 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 in fiscal 2012.

Rheinmetall expects 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 and a slight improvement in earnings in the Automotive sector.