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Forging ahead: Rheinmetall spearheads ongoing consolidation in the military vehicle sector

The high-tech Rheinmetall Group continues to pursue a strategy of industrial consolidation. Now that the competition authorities have given the project the go-ahead, a military vehicle joint venture between Rheinmetall and BAE Systems in the United Kingdom is poised for final implementation.

Moreover, a buyback of shares held by MAN Truck & Bus SE in the joint venture company Rheinmetall MAN Military Vehicles GmbH (RMMV) is set to further strengthen Rheinmetall in the wheeled armoured vehicles realm, one of the Group's mainstays.

The planned partial buyback of stock held by MAN Truck & Bus SE in the joint venture Rheinmetall MAN Military Vehicles GmbH (RMMV) increases the share of the present Tactical Vehicles business unit to 100%. The two partners will continue to cooperate in the field of military trucks through their joint venture Rheinmetall MAN Military Vehicles, in which Rheinmetall holds a 51% stake. The joint venture recently won major orders from Australia and the German Bundeswehr.

As co-owners of RMMV, Rheinmetall and MAN agree that the tactical wheeled vehicle business will grow more robustly under exclusive Rheinmetall management, i.e. outside the RMMV framework.

The Tactical Vehicles business unit is synonymous with products such as the Boxer and Fuchs/Fox wheeled armoured vehicles and the Survivor R tactical law enforcement vehicle. Rheinmetall was recently selected to supply Her Majesty's Armed Forces with a large number of 8x8 Boxer armoured vehicles. Last year in Australia, Rheinmetall won a roughly €2.1 billion order for the Boxer, one of the largest single contracts in the Group's history.

The share buyback is due to take place during the second half of 2019, taking retroactive legal effect on 1 January 2019.

Joint Venture with BAE Systems in Great Britain

In January 2019 Rheinmetall and BAE Systems announced that they would be setting up a UK-based joint venture to facilitate cooperation in the land systems field. Rheinmetall thus welcomes the recently published announcement of the British procurement authority CMA approving the creation of a military vehicle joint venture between Rheinmetall and BAE Systems. The formal foundation of the joint venture, to be known as Rheinmetall BAE Systems Land, is expected to take place shortly. The company will be located in Telford, England.

The new wheeled armoured Mechanised Infantry Vehicle for the British Army, and the pending modernization of the UK's fleet of Challenger 2 main battle tanks, are two important projects which the new company will be vying for.

Rheinmetall's Vehicle Systems division

The Vehicle Systems division of Rheinmetall AG was formed on 1 January 2016. With annual sales last year of €1.6 billion, it is one of the world's foremost suppliers of military vehicles. The division is the Düsseldorf-based Group's centre of excellence for military vehicles ranging from unprotected and protected trucks to heavy armoured fighting vehicles. Serving markets around the globe, the Vehicle Systems division is responsible for Rheinmetall's complete spectrum of military trucks, including the TG and HX logistic vehicles; tracked and wheeled tactical vehicles like the Fuchs/Fox, Boxer*, Puma* and Lynx; and turret solutions for armoured fighting vehicles – all from a single source.

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