

March 2, 2020

## **Provisional figures for fiscal 2019**

### **Rheinmetall continues to grow Defence earnings improve significantly, Automotive shows robust margin performance**

- **Consolidated sales increase by €107 million to €6,255 million**
- **Consolidated operating result improves by 2.9% to €505 million**
- **Operating free cash flow rises significantly to €314 million**
- **Automotive: Operating result falls to €184 million, operating margin reaches 6.7%**
- **Defence increases operating result by 35% to €343 million – operating margin improves to 9.8%**
- **Order backlog increases by 20% to new record of nearly €11 billion**

The Düsseldorf technology group Rheinmetall continued to grow in fiscal 2019, seeing further improvement in both sales and earnings. This development in the year under review was driven by the Group's activities in the military business. However, the Automotive sector also proved robust in a weak market environment with an overall decline in automotive production.

Armin Papperger, Chief Executive Officer of Rheinmetall AG: "Rheinmetall has had another record year. In fiscal 2019, our sales reached a new high and we generated an operating result of over €500 million for the first time. At the same time, we increased the Group's operating free cash flow to over €300 million. Thanks not least to our excellent performance, we grew the Group's order backlog to nearly €11 billion for the first time. We are also well-positioned for the future in key markets. In our role as an international system provider for armed forces, we are benefiting from the super cycle in the defence technology business gifted to us by the pressing backlog in military procurement. In Automotive, we will continue to push the modernization of automotive drive technologies and be an important partner to international manufacturers – with ambitious contributions with regard to both conventional and alternative drive systems."

Rheinmetall generated consolidated sales of €6,255 million in 2019. This is growth of €107 million or 1.7% compared to the previous year's figure of €6,148 million. When adjusted for positive currency effects and portfolio effects, the growth amounts to 0.5%. The Group's Defence sector more than compensated for the downturn in Automotive with a strong increase in sales and significantly higher profitability.

The operating result (EBIT before special items) reached a new high in fiscal 2019 at €505 million. This is growth of €14 million or 2.9% compared to the previous year's figure of €491 million.

Including positive special items of €7 million net, reported EBIT amounts to €512 million. Special items resulted from restructuring costs at a Defence location (€-2 million), from a real estate transaction at the Berlin site (€+2 million) and due to insurance payouts (€+7 million). Reported EBIT amounted to €518 million in 2018, but this included positive special items of €27 million due chiefly to real estate sales.

The Rheinmetall Group increased its operating margin slightly to 8.1% in fiscal 2019, compared to 8.0% in the previous year.

At Group level, earnings after taxes amounted to €354 million in the past fiscal year and were therefore unchanged year on year. Including the earnings attributable to non-controlling interests, earnings per share for 2019 amounted to €7.77 (2018: €7.10).

The Group's operating free cash flow increased significantly due to considerable improvements in working capital in particular and rose to €314 million after €-35 million in fiscal 2018.

The Group's order backlog is more than €10 billion for the first time. On December 31, 2019, Rheinmetall had orders worth €10,846 million on its books, which equates to growth of €1,791 million or 20% compared to the order backlog of €9,055 million in the previous year (December 31, 2018).

### **Automotive: Margin still good despite declining market development**

In a global market environment characterized by production declines among automotive manufacturers, especially in China, the Automotive sector saw decreasing orders in fiscal 2019 and accordingly reduced revenue. The sector's sales sank from €2,930 million to €2,736 million, a reduction of 6.6%. According to the latest market data, global automotive production shrank by 5.8% in the same period.

The sector's sales figures do not include the contributions from the joint ventures in China, which increased their sales by €138 million or 15.8% to €1,010 million despite a decline of 8.4% in automotive production in China.

Due to the sector's sales decline, Automotive's operating result amounted to €184 million in the past fiscal year (previous year: €262 million). The sector's operating margin fell short of the high level of the previous year, but still reached 6.7% in fiscal 2019 (previous year: 8.9%). This slightly exceeded the most recent forecast, which predicted an operating margin of around 6.5%.

### **Defence: Significant growth in earnings and margin, record order backlog**

The Defence sector's business performance in fiscal 2019 was again characterized by the high worldwide demand in the military sector and by Rheinmetall's successful positioning in major markets around the globe.

The sector's order intake remained at a high level. For the second year in a row, the sector has received orders worth over €5 billion. In fiscal 2019, the order intake amounted to €5,186 million, after €5,565 million in the previous year, in which the largest single order in the company's history – 211 Boxer vehicles for the Australian armed forces – with a volume of over €2 billion helped set a new order intake record.

The order backlog for Rheinmetall Defence increased to a new record of €10,399 million as of December 31, 2019, which equates to growth of 21% after €8,577 million at the end of the previous year.

In 2019, the sector generated sales of €3,522 million. This equates to growth of 9.4% or €301 million compared to the previous year (€3,221 million). Adjusted for portfolio effects, organic growth came to 7.6%.

The sector also significantly increased its earnings in 2019. The operating result reached €343 million in the year under review, surpassing the previous year's figure by €89 million or 35%.

The good business performance is also reflected in the profitability of Rheinmetall Defence. The operating margin rose to 9.8% in fiscal 2019, after 7.9% in the previous year. The most recent outlook, which forecast an operating margin of slightly above 9.5%, has therefore been confirmed.

Rheinmetall will release the final business figures and the outlook for fiscal 2020 on March 18, 2020.