

March 14, 2024

## Financial figures for 2023

### Rheinmetall is on track for success: another all-time earnings high, new record order backlog

#### Fiscal year 2023

- Consolidated sales grow by 12% to €7,176 million
- EBIT before purchase price allocation stands at €968 million
- Operating result improves by 19% to a new record figure of €918 million
- Group's operating margin increases to 12.8% after 12.0% in the previous year
- Another all-time high in the Rheinmetall backlog of €38.3 billion, increase of 44% (previous year: €26.6 billion)
- Dividend proposal of €5.70 per share, after €4.30 in the previous year

#### Outlook for 2024: Strong sales growth and increasing profitability

- Rheinmetall forecasts strong sales and earnings growth in fiscal 2024
- Consolidated sales expected to increase to a level of around €10 billion
- Operating margin guided between 14% and 15% for the Group

Düsseldorf-based Rheinmetall AG is benefiting from the ongoing upswing in the defence sector and is continuing its growth trajectory. The technology group closed fiscal year 2023 with record earnings and order backlog figures.

In times of a changed threat situation in Europe, the Group is the focus of customer interest as a supplier of state-of-the-art defence technology. Numerous major orders from the German armed forces and other armed forces have been contracted, particularly in the areas of ammunition, combat vehicles and air defence. Rheinmetall has also become an important partner for Ukraine, helping with extensive deliveries from the entire product portfolio, from tactical vehicles and ammunition for Gepard anti-aircraft tanks to mobile field hospitals.

Consolidated sales increased primarily in business with military customers. As a leading supplier to land forces, Rheinmetall is meeting the significant increase in demand from military customers in the short and medium term, particularly in the land domain – for example for combat vehicles, military trucks and ammunition, but also for drones and in the field of digitalization. In the civilian business, however, the Group is recording only slight sales growth.

In view of the security policy environment, Rheinmetall is forecasting continued strong sales and earnings growth for fiscal 2024. For the first time in the Group's history, the forecasted sales volume is expected to reach the €10 billion mark.

Armin Papperger, CEO of Rheinmetall AG: "A new decade of security policy has begun. In this situation, we at Rheinmetall are grateful to be able to make a decisive contribution to restoring our country's ability to defend itself. We are sparing no effort in order to fulfill this task of national importance. We are investing massively, building new plants and significantly increasing our personnel."

#### ► Key facts

- ▷ Significant growth in consolidated sales of 12% year-on-year to around €7.2 billion
- ▷ EBIT before purchase price allocations reaches nearly €1 billion
- ▷ Record consolidated operating profit: €918 million (+19%)
- ▷ Operating margin 12.8%
- ▷ Record order backlog for Rheinmetall
- ▷ Dividend proposal: €5.70 per share
- ▷ Forecast for 2024:
  - Sales growth to a level of around €10 billion
  - Operating margin increases to around 14% to 15%

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Armin Papperger: “In the past fiscal year, we achieved record sales and earnings. In terms of EBIT before purchase price allocations, we are close to the threshold of €1 billion. We are proud of this achievement, which is based on innovation, technological expertise and, above all, the performance of our employees. The course is set for further growth and increasing profitability.”

“In everything we do, our primary goal is to be a capable partner to the German Bundeswehr and the armed forces of our allies and friends and thus, above all, to serve peace in Europe. It is a matter close to our hearts to do everything we can to support Ukraine in its fight for survival. We are fully committed to this responsibility.”

### **Group’s profits soar with rising sales – Rheinmetall backlog climbs to around €38 billion**

In fiscal 2023, the Rheinmetall Group generated consolidated sales of €7,176 million. Compared with the previous year’s sales of €6,410 million, this is an increase of €766 million or 12%. As there were deadline adjustments for deliveries in individual projects, some sales were postponed to 2024. Consolidated sales for 2023 therefore fell short of the forecast, which had anticipated sales in a range of €7.4 billion to €7.6 billion for the year.

Taking into account exchange rate and M&A effects, sales growth amounted to 11.9%; adjusted for these effects, it was 10.6%. The international share of consolidated sales in the year under review was around 76%, after 71% in the previous year.

Fiscal 2023 was once again characterized by significant sales increases in Vehicle Systems and Weapon and Ammunition. Both benefited in particular from rising demand as a result of the turning point triggered by the war in Ukraine. On August 1, 2023, the operational activities of Expal Systems became part of the Rheinmetall Group. With the significantly expanded production capacities available as a result, particularly in the field of artillery, mortar and medium-caliber ammunition, Rheinmetall has further expanded its position as an important supplier to the NATO armed forces.

Electronic Solutions and Sensors and Actuators were also able to increase their sales levels once again compared with the previous year. Sales in Materials and Trade remained roughly at the previous year’s level.

On December 31, 2023, the Rheinmetall backlog stood at €38.3 billion, a new high, after €26.6 billion in the previous year. This figure includes binding orders (order backlog) and orders from framework contracts (frame backlog) as well as the nominated backlog of the Group’s civilian business.

The consolidated operating result (EBIT before special items) climbed by 19% to a record level of €918 million and thus increased at an above-average rate compared with the sales growth achieved. This significantly exceeded the previous year’s figure for consolidated operating earnings (EBIT before special items) of €769 million, which was the highest earnings figure in the company’s recent history. The Group’s operating margin reached 12.8%, exceeding the previous year’s figure of 12.0%.

Including special items, reported EBIT was €897 million and thus around €160 million above the previous year’s figure of €738 million. In fiscal 2023, positive special effects totalling €49 million and special effects from purchase price allocations amounting to -€70 million had to be taken into account.

Earnings after taxes increased to €586 million and exceeded the previous year’s figure of €540 million by 9%. After deduction of earnings attributable to non-controlling interests of €51 million (previous year: €66 million), earnings attributable to the shareholders of Rheinmetall AG were €535 million, compared with €474 million in the previous year. This results in earnings per share from continuing operations before purchase price allocations of €10.96 (2022: €14.65).

On this basis, a dividend payment for fiscal 2023 of €5.70 per share will be proposed to the Annual General Meeting on May 14, 2024, compared with €4.30 in the previous year. This equates to a payout ratio in relation to earnings per share (continuing operations) before purchase price allocation of 38.9% (previous year: 39.2%).

The operating free cash flow generated in the Rheinmetall Group in fiscal 2023 amounted to €356 million or 5.0% of sales. It was therefore within the strategic target range of 4% to 6% of sales. After €-151 million in the previous year, the operating free cash flow of €356 million improved significantly in the reporting period.

### **Vehicle Systems: Significant increase in sales and operating result**

In fiscal 2023, Vehicle Systems generated sales of €2,609 million with its military wheeled and tracked vehicles. Compared with the previous year's sales of €2,270 million, this is a significant increase of around 15%.

Considerable sales contributions were particularly made by the delivery of Lynx infantry fighting vehicles to the Hungarian armed forces and ring swaps in the context of the Ukraine war. In addition, swap body trucks and other logistics vehicles from the HX, TGS and TGM series were delivered to customers in the UK, Australia, Norway and Sweden. As in the previous year, a considerable share of sales was generated through deliveries as part of a major Australian order for tactical vehicles, which involves the production of 211 Boxer wheeled armoured vehicles.

The historical turning point or "Zeitenwende", which was proclaimed by Chancellor Scholz in Germany in February 2022, was reflected particularly clearly in the order situation. At €7,144 million, Vehicle Systems' share of the Rheinmetall nomination was more than four times that of the previous year 2022, when €1,564 million was booked. The largest individual items here were a joint framework agreement for airborne vehicles for the German and Dutch armed forces worth over €1 billion and an order from the US for the XM30 infantry fighting vehicle program worth around €700 million. Other major new orders included the second lot of Puma infantry fighting vehicles commissioned by the German government and a Leopard 2 upgrade for Norway.

The operating result improved by around €63 million to a total of €324 million in 2023. The positive development is the result of the sales ramp-up from the aforementioned orders and strict cost management. At 12.4%, the operating margin exceeded the previous year's figure of 11.5% thanks to a better product mix.

### **Weapon and Ammunition: High demand leads to record order intake level**

Weapon and Ammunition generated sales of €1,756 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 €397 million or 29%. In addition to Germany, significant growth impetus came from other NATO states in Eastern Europe and from Ukraine.

Weapon and Ammunition's share of the Rheinmetall nomination reached a new record level of €8,238 million, more than doubling the previous year's figure of €4,979 million. Two multi-year framework agreements for tank ammunition (€3.2 billion) and artillery ammunition (€1.4 billion) with the German customer particularly stand out here, as well as direct orders from Ukraine with a volume of around €1.7 billion. Outside Europe, another important sales success was achieved with a rapid fog protection system for the Australian navy.

The operating result for Weapon and Ammunition rose by €106 million or around 36% to approximately €403 million in fiscal 2023, mainly due to the higher sales volume (previous year: €297 million). The operating margin increased slightly from around 22% (2022) to 23% in the year under review, which is primarily due to cost optimization measures and a more profitable product mix.

## **Electronic Solutions: Increased sales and operating margin**

Electronic Solutions generated sales of €1,318 million in the field of defence electronics in fiscal 2023, exceeding the previous year's figure by 13% (previous year: €1,164 million). A significant contribution to this growth in sales came from a major order placed in fiscal 2022 for the delivery of Skynex air defence systems for a European customer. Other relevant sales were generated from the share in the major projects for Lynx infantry fighting vehicles for Hungary, Puma infantry fighting vehicles for the German armed forces, Boxer wheeled armored vehicles for Australia and the delivery of combat helmets for a major order placed by the German armed forces in the previous year.

The Rheinmetall Nomination for Electronic Solutions climbed to a record €2,183 million in fiscal 2023 (previous year: €1,724 million). This represents growth of approximately 27%. The largest individual orders relate to Skynex air defence systems for two customer countries with a total value of around €700 million and to the supply of electronic components for the Puma infantry fighting vehicle of the German armed forces. The follow-up order for a drone system for the German armed forces for medium-range reconnaissance was also reflected in the order book.

At €150 million, the operating result was 24% above the previous year's figure (2022: €121 million). The operating margin rose from 10.4% in the previous year to 11.4% in the year under review thanks to successfully completed major orders.

## **Sensors and Actuators: Slight sales growth**

Despite a challenging market environment in civilian business, Sensors and Actuators increased its revenue. In the year under review, sales grew by 3% or €39 million to €1.421 billion.

Particular contributions to this came from components and systems for the electrification of drive systems, including orders for fuel cell drives, and the development of innovative technologies throughout the value chain of the hydrogen economy, which is expected to make a decisive contribution to the energy transition.

The Air Management product area increased its sales significantly by 9% compared with the previous year. Sales of electric gas pumps on the Chinese and North American markets as well as sales of exhaust gas recirculation systems and exhaust flaps for both the light- and heavy-duty segments were the main contributors to this. The Electrification and Digitalization business unit achieved an increase thanks to successful sales of oil and water valves. By contrast, the Thermal Management business unit recorded a slight decline in sales of -2%.

At €2,720 million, booked business in fiscal 2023 was slightly below the previous year's level of €2,770 million, corresponding to a decline of around 2%. In 2023, orders were acquired for high-voltage water pumps in electric vehicles and several orders for fuel cell applications in the passenger car sector as well as water pumps in the field of Industrial Technology, which will further advance the transformation.

Sensors and Actuators achieved an operating result of €69 million in fiscal 2023, falling short of the previous year's figure by €-26 million. The operating margin declined to 4.8% in 2023 (previous year: 6.8%).

## **Materials and Trade: Sales and operating result at previous year's level**

At €737 million, Materials and Trade maintained the previous year's sales level (previous year: €742 million) despite adverse effects in the IT area. The unit, which supplies plain bearings and structural components and operates the global aftermarket business, was affected by an IT attack in the second quarter of 2023, which had a noticeable impact on sites in Germany and abroad.

The Trade business unit once again showed a very good year-on-year sales performance, increasing sales by 4% or €18 million. The business unit achieved higher sales in the sales regions

of Europe, South America and Asia in particular. In the Bearings business unit, sales declined by 8% or €24 million year-on-year. In the Castings unit, the passing on of lower material prices, significantly reduced tonnage and a change in the sales mix had a negative impact and led to a year-on-year decrease in sales. In business with plain bearings, by contrast, there was a slight volume-driven increase in sales compared with the previous year.

Booked business in Materials and Trade came to €760 million in the reporting period and with an increase of 1% was slightly above the previous year's level.

Materials and Trade achieved an operating result of €66 million in fiscal 2023, on a par with the previous year. At 8.9%, the operating margin was also at the previous year's level.

## **Rheinmetall Group forecast for 2024: Strong sales growth with rising high margins**

Based on the current market outlooks, the Rheinmetall Group expects significant growth in sales and anticipates a rising operating margin combined with an improved operating result in fiscal 2024.

The Rheinmetall Group's annual sales are expected to rise to a level of around €10 billion in fiscal 2024 (sales in fiscal 2023: €7.2 billion).

Based on this sales forecast and taking into account holding costs, Rheinmetall is expecting to see an improvement in the Group operating result and a Group operating margin of 14% to 15% (margin in fiscal 2023: 12.8%).

### *Forward-looking statements and forecasts*

*This press release contains forward-looking statements. These statements are based on Rheinmetall AG's current estimates and forecasts and the information available at the time. Forward-looking statements are not a guarantee of future performance or the results indicated. Rather, they are dependent on a number of factors, entail 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 press release.*