

February 19, 2015

Rheinmetall publishes provisional figures for fiscal 2014: Sales grow, order backlog reaches record level

- **Consolidated sales up 6% to €4,688 million**
- **Operating Group earnings higher than last forecast at €160 million**
- **Automotive continues to improve earnings power and achieves EBIT of €184 million**
- **Defence order backlog increases to more than €6.5 billion**

In fiscal 2014, Dusseldorf-based Rheinmetall AG generated consolidated sales of €4,688 million. Compared to the previous year's figure of €4,417 million, sales were therefore up 6%; adjusted for exchange rates, growth was 7%. Both sectors contributed to the increased income in the Group.

Operating earnings before interest and taxes amounted to €160 million in fiscal 2014 after €213 million in the previous year. Most recently, operating earnings of €150 million were forecast for the Group. Due to high negative non-recurring effects in the Defence sector, Group EBIT (after special items) was reported at €102 million.

The consolidated figures no longer include the sales and earnings contributions of the German operations of the Automotive sector's Aluminium-Technologie business unit, which were incorporated into a joint venture with a Chinese partner and are therefore no longer consolidated. The previous year's figures have been adjusted accordingly. In 2014, this business unit generated sales of €220 million (previous year: €209 million) and operating EBIT of €6 million (previous year: €2 million).

Defence again with high order intake

The Defence sector generated sales of €2,240 million in 2014 (previous year: €2,155 million), which – in a market environment that remains difficult – equates to growth of approximately 4% year on year. Adjusted for exchange rates, sales grew by 5%.

At €2,812 million in the past fiscal year, the order intake was again well above sales, even though the high figure for the previous year of €3,339 million, dominated by a major order of over one billion Euro for military trucks, was not reached.

The Defence sector's order backlog, from which the sector's organic growth will be generated in the years to come, was €6,516 million at the end of 2014, €466 million higher than the €6,050 million of the previous year.

Operating earnings in the Defence sector were €-9 million. Among other things, this includes negative earnings effects attributable to the withdrawal of the export license for a training center in Russia and the provisions for potential warranty claims from a naval gun project in the MENA region.

The negative special items in the Defence sector, which are not allocated to operating earnings, amounted to €58 million. EBIT (after special items) of €-67 million was therefore reported for fiscal 2014. The special items include the absorption of profits reported in December 2014 from the final settlement of a compliance case at a subsidiary in Bremen, necessary purchase price adjustments from the sale of a product unit in 2012, and planned costs for subsequent measures in connection with the restructuring program in 2013.

Automotive with sales growth and record earnings

In fiscal 2014, the Automotive sector again performed very positively and exceeded all the major key figures of the previous year: In terms of sales, the sector grew by 8% to €2,448 million (previous year like for like: €2,262 million). Adjusted for exchange rates, sales growth was as high as 10%. This means the sector grew faster than automotive production, which increased by 3% worldwide last year.

Once again, the Mechatronics division contributed more than its fair share to growth, achieving growth of over 10% with its products for reducing pollution and emissions.

The sector's sales figures do not include contributions from the joint ventures in China, which increased their income by €129 million or 26% to €628 million (previous year: €499 million). Once again, this put the growth of Chinese operations, especially in the Hardparts division, well above local growth in production. In China, automotive production was up 9% in 2014.

In the past fiscal year, the Automotive sector's operating earnings reached €184 million and were thus at a record level. Compared to the previous year's comparative figure of €158 million, earnings improved by 17%. In 2014, the operating margin therefore rose to 7.5% after 7.0% in the previous year.

As in the Rheinmetall Group, the sales and earnings figures of the Automotive sector no longer include the corresponding figures from the Aluminium-Technologie business unit; the previous year's figures were adjusted accordingly.

Rheinmetall will publish the final figures for fiscal 2014 on March 19, 2015.