

An aerial view of a city and harbor, with several military aircraft flying in the sky above. The scene is rendered in a dark, monochromatic style with a green tint.

# HENSOLDT

## Q1 2022 Results – Analyst & Investor Presentation

Taufkirchen, 5<sup>th</sup> of May 2022

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An aerial, grayscale photograph of a coastal city and harbor. In the sky, several military aircraft are visible, including a large fighter jet with multiple missiles and a helicopter. The city skyline is visible in the middle ground, and the harbor contains several ships. The overall scene is dimly lit, suggesting dawn or dusk.

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**Business Update**

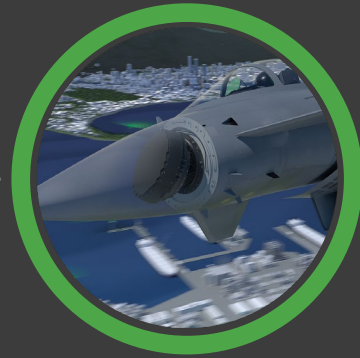
# New record order backlog at €5.5bn

## Pipeline further materializes



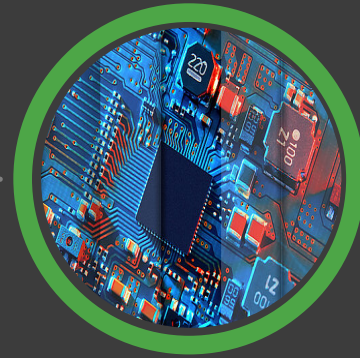
**F126**  
(formerly MKS180)

Order for 4 TRS-4D radars  
for F126 received in Q1  
**€168m**



**C3 EF Support  
Contract**

Long-term service contract  
for Eurofighter booked in Q1  
**€270m**



**Final Focus  
Metrology**

Next generation of FFM currently  
in development  
Securing long-term recurring  
civil high-tech business



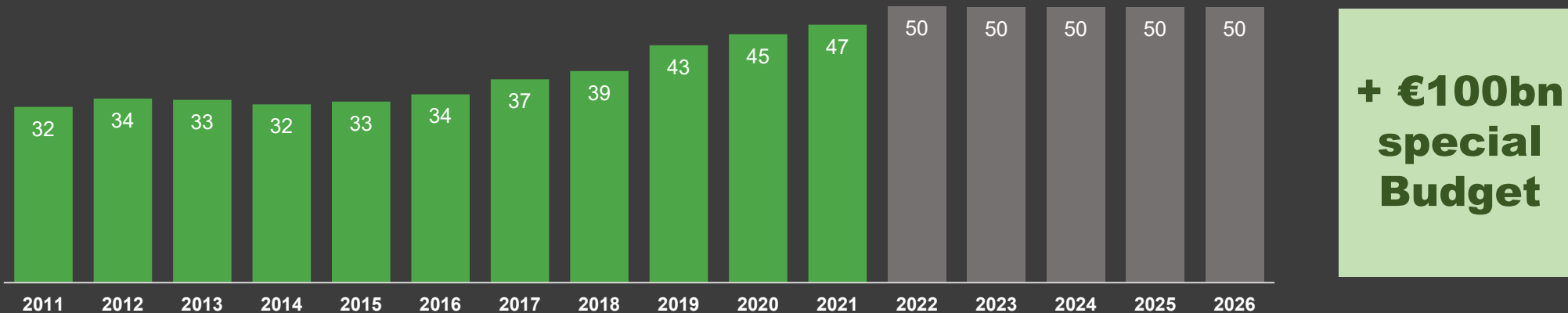
**European programs  
continue to evolve**

Eurodrone  
FCAS  
MGCS

# Germany – €100bn special budget & reconfirmation of 2% target

- Announcement of German Chancellor end of February to:
  - Establish a special budget of €100bn to equip the Bundeswehr<sup>(1)</sup>
  - Raise annual defence budget from €47bn in 2021 to €50bn p.a. for the period 2022-2026
  - Commitment to keep the German defence budget at above 2% of GDP sustainably
- Special budget to be invested over the next 5 years contributing to the 2% target

German defence budget development in €bn



(1) Draft Bill for special budget as well as Draft Bill to include special budget into German constitution (Grundgesetz) to be approved by German Bundestag in Q2/2022

# Three Fields of action defined by German Government

		Expected impact for HENSOLDT
1	<b>Immediate support for Ukraine - short-term equipment deliveries</b> in coordination with the Federal Government	Low double-digit € million amount in orders expected
2	<b>Short-term support to increase combat readiness of the Bundeswehr</b> (spare parts, acceleration of maintenance, delivery of products on stock)	
3	<b>Medium- and long-term improvement of operational readiness of the Bundeswehr</b> through additional acquisitions and new projects - priority is market availability	Broad spectrum of opportunities for HENSOLDT

# Opportunities from German budget increase



## German Army



## German Air Force



## German Navy



## Space

	German Army	German Air Force	German Navy	Space
Medium - term	<ul style="list-style-type: none"> <li>Sights/Sensors for Puma IFV 2. lot</li> <li>Sights for PzH2000 howitzer upgrade</li> <li>Night Vision Goggles</li> </ul>	<ul style="list-style-type: none"> <li>Radars for future Air Defence programs</li> <li>Escort jamming pod for Eurofighter</li> <li>Passive Radar</li> <li>Avionics/EW/Self-protection for future helicopter programs</li> </ul>	<ul style="list-style-type: none"> <li>Radars for F126 combat ships– vessel 5 + 6</li> <li>Radars for K130 corvettes 3. batch</li> <li>Optronics mast systems U212 2. batch</li> </ul>	<ul style="list-style-type: none"> <li>GESTRA Space Situational Awareness System</li> </ul>
Long - term	<ul style="list-style-type: none"> <li>Advanced sensor fusion technology for German Army digitalization</li> <li>MGCS / Leopard 2AX</li> <li>Military Counter UAV</li> <li>Sights/Sensors for „Schwerer Waffenträger“ Armed APC</li> </ul>	<ul style="list-style-type: none"> <li>FCAS</li> <li>LuwES</li> </ul>	<ul style="list-style-type: none"> <li>F127 Air Defence / BMD frigate</li> <li>Overall German BMD / AAW Capability</li> </ul>	<ul style="list-style-type: none"> <li>OPTSAT NG Surveillance Satellite</li> </ul>

An aerial, grayscale view of a coastal city and harbor. In the sky, several military aircraft are visible, including a large fighter jet with multiple missiles, a helicopter, and a smaller jet. The city skyline is visible in the middle ground, with a large body of water in the foreground. In the lower foreground, there is a detailed view of a port or industrial facility with various structures, ships, and a vehicle.

# HENSOLDT

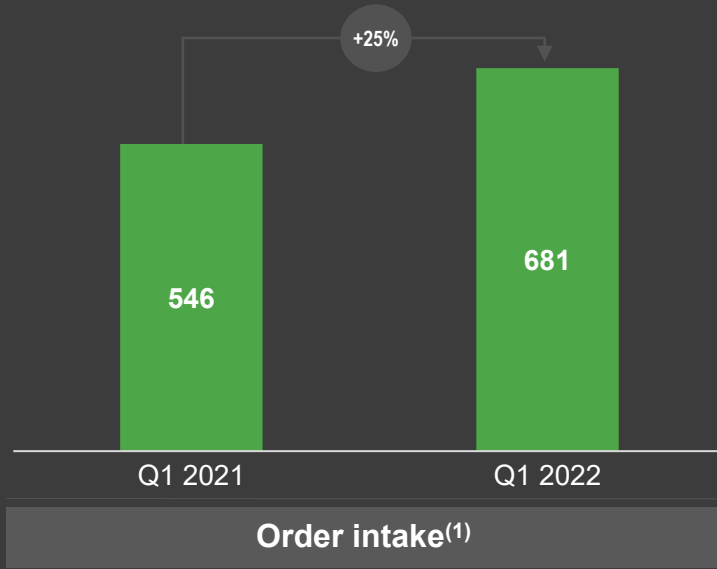
## Financials



# Q1 2022 – significant growth in top line

in €m

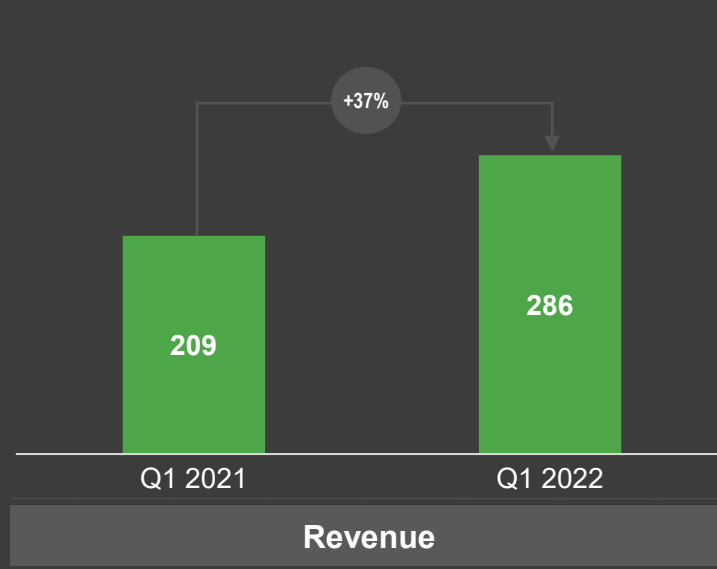
**Big orders booked already in Q1**



Significant increase due to F-126 and C3 Service Contract for Eurofighter

Entire business develops as planned

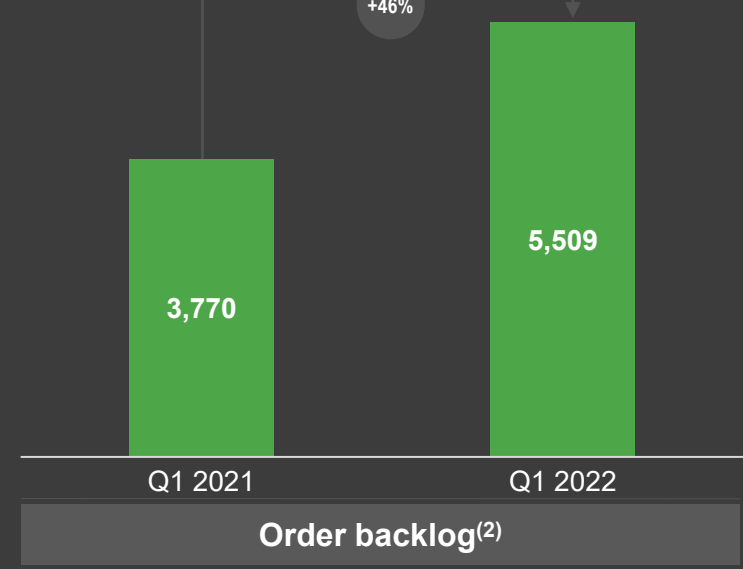
**Significant increase of sales**



Revenue increase mainly driven by Sensors segment

Development of key programs as expected

**Record level in order backlog for Q1 2022**



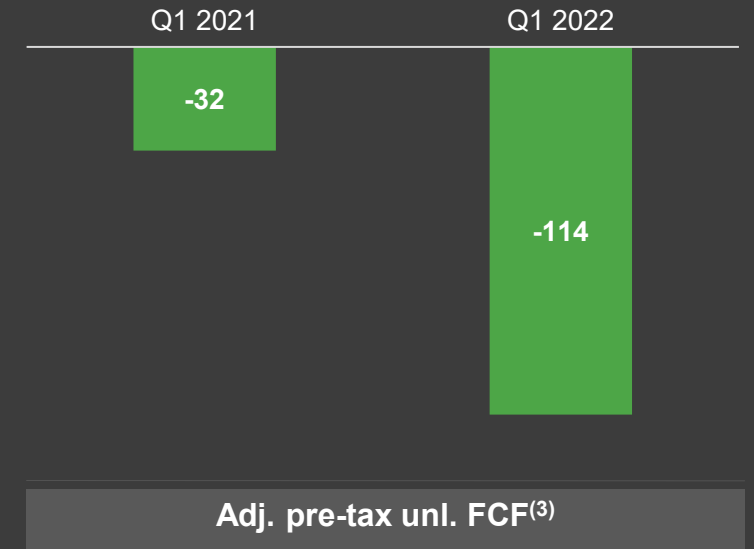
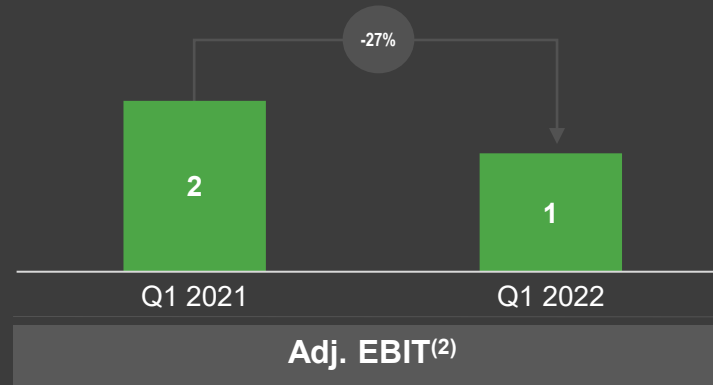
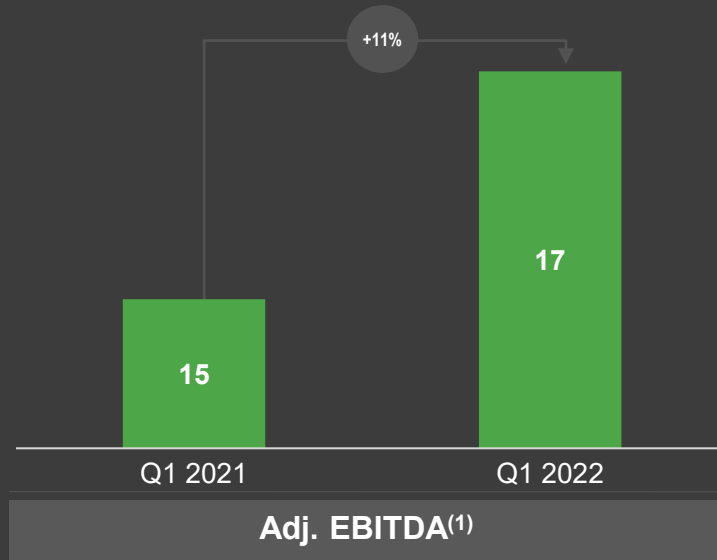
Book-to-bill at 2.4x  
Firm order backlog covering guided revenues 2022 by 3.2x

Record order backlog provides excellent visibility

(1) Order intake is defined as orders where the corresponding selling contract becomes effective and enforceable in accordance with the terms and conditions of the contract. (2) Order backlog is defined as the value of the order book at the respective reporting date by keeping record of customer orders starting from the opening stock and taking into account revenue and adjustments for the respective reporting period, and ending with the final stock.

# Q1 2022 – bottom line follows excellent top line development in €m

## Further increase of profitability



Profitability follows higher volumes  
offset by pass-through business and projects in early stage of life cycle  
and investments in functional costs to ensure growth

Liquidity within our expectations following  
investments in working capital to prepare  
for planned revenues

(1) Adjusted EBITDA is defined as EBIT adjusted for depreciation and amortization (including non-recurring effects on earnings from purchase price allocations), as well as certain non-recurring effects relating to transaction costs, IPO related costs and other non-recurring effects. (2) Adjusted EBIT is defined as EBIT adjusted for certain non-recurring effects relating to effects on earnings from purchase price allocations, transaction costs, IPO related costs and other non-recurring effects. ((3) Adjusted Pre-Tax Unlevered Free Cash Flow is defined as free cash flow adjusted for non-recurring operating effects as well as interest, tax and M&A activities. The free cash flow is defined as sum of the cash flows from operating and investing activities as reported in the consolidated cash flow statement.

# Key financial takeaways

## Visibility

- Further key orders achieved
- Record order backlog<sup>(1)</sup> of €5.5bn
- Sustainable core margin before pass-through revenues
- Cash-flow according to plan to ensure further growth

## Outlook

### Guidance confirmed for all KPIs, for FY2022

- Growing order backlog
- ~15% growth in revenues to ~€1.7bn
- ~12% growth in absolute Adj. EBITDA<sup>(2)</sup> to €285-300mn
- Further reduction of Net Leverage<sup>(3)</sup>
- Dividend up to 20% of Adj. Net Income

(1) Order backlog is defined as the value of the order book at a respective reporting date by keeping record of customer orders starting from the opening stock and taking into account revenue and adjustments for the respective reporting period, and ending with the final stock. (2) Adjusted EBITDA is defined as EBIT adjusted for depreciation and amortization (including non-recurring effects on earnings from purchase price allocations), as well as certain non-recurring effects relating to transaction costs, IPO related costs and other non-recurring effects // reported revenue for the relevant period. (3) Targeted net financial leverage including lease liabilities, excluding pensions.

An aerial, grayscale photograph of a coastal city and harbor. In the sky, several military aircraft are visible, including a large fighter jet with multiple missiles mounted under its wings, a helicopter, and a smaller jet. The city skyline is visible in the middle ground, with a large body of water in the foreground. The overall scene is dimly lit, suggesting dawn or dusk.

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Q&A session

An aerial, grayscale photograph of a coastal city and harbor. In the sky, several military aircraft are visible, including a large fighter jet with multiple missiles mounted under its wings, a helicopter, and a smaller jet. The city skyline is visible in the middle ground, with a large body of water in the foreground. The overall tone is serious and professional.

# HENSOLDT

## Financial Section

# Consolidated Income Statement

€m	First 3 months	
	2022	2021
Revenue	286	209
Cost of sales	-241	-179
<b>Gross profit</b>	<b>45</b>	<b>30</b>
Selling and distribution expenses	-26	-23
General administrative expenses	-20	-18
Research and development costs	-8	-7
Other operating income	4	4
Other operating expenses	-4	-3
Share of profit/loss from investments accounting for using the equity method	-	-1
<b>Earnings before finance result and income taxes (EBIT)</b>	<b>-10</b>	<b>-18</b>
Interest income	2	2
Interest expense	-12	-13
Other finance income/costs	3	3
<b>Finance result</b>	<b>-7</b>	<b>-7</b>
<b>Earnings before income taxes</b>	<b>-16</b>	<b>-25</b>
Income taxes	-0	3
<b>Group result</b>	<b>-17</b>	<b>-22</b>
<i>thereof attributable to the owners of HENSOLDT AG</i>	<i>-16</i>	<i>-22</i>
<i>thereof attributable to non-controlling interests</i>	<i>-1</i>	<i>-0</i>

# Consolidated Statement of Financial Position – Assets

€m	As at	
	Q1 2022	YE 2021
<b>Non-current assets</b>	<b>1,320</b>	<b>1,320</b>
Goodwill	651	651
Intangible assets	389	385
Property, plant and equipment	109	108
Right-of-use assets	138	141
Investments and other financial assets <sup>(1)</sup>	22	22
Other non-current assets	3	3
Deferred tax assets	8	11
<b>Current assets</b>	<b>1,533</b>	<b>1,629</b>
Other <sup>(2)</sup>	14	10
Inventories	498	444
Contract assets	185	170
Trade receivables	258	309
Other current assets	180	167
Cash and cash equivalents	398	529
<b>Total assets</b>	<b>2,853</b>	<b>2,950</b>

(1) Includes Investments accounted for using the equity method, Other investments and non-current other financial assets, Non-current other financial assets. (2) Includes Other non-current financial assets, due on short-notice, Other current financial assets and Income tax receivables.

# Consolidated Statement of Financial Position - Equity and Liabilities

€m	As at	
	Q1 2022	YE 2021
Share capital	105	105
Capital reserve and other reserves <sup>(1)</sup>	583	513
Retained earnings	-234	-218
<b>Equity held by shareholders of HENSOLDT AG</b>	<b>454</b>	<b>399</b>
Non-controlling interests	12	11
<b>Equity, total</b>	<b>466</b>	<b>410</b>
<b>Non-current liabilities</b>	<b>1,234</b>	<b>1,284</b>
Non-current provisions	420	497
Non-current financing liabilities <sup>(2)</sup>	622	622
Non-current contract liabilities	23	12
Non-current lease liabilities	137	139
Other non-current liabilities	8	10
Deferred tax liabilities	25	4
<b>Current liabilities</b>	<b>1,153</b>	<b>1,255</b>
Current provisions	186	188
Current financing liabilities <sup>(3)</sup>	175	176
Current contract liabilities	432	500
Current lease liabilities	17	16
Trade payables	255	269
Other current liabilities	79	94
Tax liabilities	9	11
<b>Total equity and liabilities</b>	<b>2,853</b>	<b>2,950</b>

(1) Includes Capital reserve, Other reserves. (2) Includes Non-current financing liabilities, Other non-current financial liabilities. (3) Includes Current financing liabilities, Other current financial liabilities.



# Consolidated Statement of Cash Flows (1/2)

€m	First 3 months	
	2022	2021
<b>Group result</b>	<b>-17</b>	<b>-22</b>
Depreciation and amortization	25	29
Financial expenses (net)	8	9
Change in		
Provisions	8	3
Inventories	-50	-56
Contract balances	-74	23
Trade receivables	56	29
Trade payables	-15	-12
Other assets and liabilities	-31	-17
Interest paid	-9	-10
Income tax paid	-2	-1
Other <sup>(1)</sup>	-3	-5
<b>Cash flows from operating activities</b>	<b>-104</b>	<b>-28</b>
Acquisition/addition of intangible assets and property, plant and equipment	-22	-20
Acquisition of associates, other investments and other non-current investments	-1	-9
Acquisition of businesses net of cash acquired	-	-2
Other <sup>(2)</sup>	-0	0
<b>Cash flows from investing activities</b>	<b>-23</b>	<b>-31</b>

(1) Includes impairments/reversals of impairments of inventories, trade receivables and contract assets, Share of profit in entities accounting for using the equity method, Other non-cash expenses/income and Income tax expense/income. (2) Proceeds from sale of intangible assets and property, plant and equipment and Other cash flows from investing activities.

# Consolidated Statement of Cash Flows (2/2)

€m	First 3 months	
	2022	2021
<b>Cash flows from operating activities</b>	<b>-104</b>	<b>-28</b>
<b>Cash flows from investing activities</b>	<b>-23</b>	<b>-31</b>
Proceeds/repayment of financial liabilities <sup>(1)</sup>	-0	-243
Payment of lease liabilities	-5	-4
Dividends paid to shareholders of HENSOLDT AG	-	-
Issue of shares	-	-
Transaction cost on issue of equity	-	-3
<b>Cash flows from financing activities</b>	<b>-5</b>	<b>-250</b>
Effects of movements in exchange rates on cash and cash equivalents	1	0
Other adjustments	-	-
<b>Net changes in cash and cash equivalents</b>	<b>-131</b>	<b>-310</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents at beginning of period	529	645
Cash and cash equivalents at end of period	398	336

(1) Proceeds / repayment from financial liabilities, Change in other financial liabilities

# Reconciliation of order intake, segment revenue and adjusted EBITDA to group figures

€m	First 3 months	
	2022	2021
<b>Order intake</b>	<b>681</b>	<b>546</b>
Sensors	627	402
Optronics	55	144
Elimination/Transversal/Others	-2	-0
<b>Revenue</b>	<b>286</b>	<b>209</b>
Sensors	242	165
Optronics	45	44
Elimination/Transversal/Others	-1	-0
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>17</b>	<b>15</b>
Sensors	20	13
Optronics	-3	3
Elimination/Transversal/Others	0	-1

(1) Adjusted EBITDA is defined as EBIT adjusted for depreciation and amortization (including non-recurring effects on earnings from purchase price allocations), as well as certain non-recurring effects relating to transaction costs, IPO related costs and other non-recurring effects.

# Overview of EBITDA and EBIT adjustments

EBITDA adjustments (€m)		
	Q1 2022	Q1 2021
<b>EBIT</b>	<b>-10</b>	<b>-18</b>
(+) Depreciation	11	10
(+) Amortization	14	19
<b>EBITDA</b>	<b>15</b>	<b>11</b>
(+) Transaction costs	-	-
(+) IPO related costs	-	1
(+) Other non-recurring effects	2	3
<b>Adjusted EBITDA</b>	<b>17</b>	<b>15</b>

EBIT adjustments (€m)		
	Q1 2022	Q1 2021
<b>EBIT</b>	<b>-10</b>	<b>-18</b>
(+) Effect on earnings from purchase price allocations	9	16
<i>thereof intangible assets</i>	9	16
<i>thereof property, plant and equipment</i>	0	0
<i>thereof inventories</i>	-	-
(+) Transaction costs	-	-
(+) IPO related costs	-	1
(+) Other non-recurring effects	2	3
<b>Adjusted EBIT</b>	<b>1</b>	<b>2</b>

# Reconciliation of reported to adjusted pre-tax unlevered FCF

€m	First 3 months	
	2022	2021
Cash flows from operating activities	-104	-28
Cash flows from investing activities	-23	-31
<b>Free cash flow</b>	<b>-127</b>	<b>-59</b>
(+) Transaction costs	-	-
(+) IPO related costs	-	3
(+) Other non-recurring effects	2	3
(+) Interest <sup>(1)</sup> , income taxes <sup>(2)</sup> and M&A-activities <sup>(3)</sup>	12	21
<b>Adjusted pre-tax unlevered free cash flow</b>	<b>-114</b>	<b>-32</b>
<b>Cash flows from financing activities</b>	<b>-5</b>	<b>-250</b>

(1) Defined as 'Interest paid' as reported in the consolidated cash flow statement. (2) Defined as 'Income taxes payments / refunds' as reported in the consolidated cash flow statement. (3) Defined as sum of 'Share of profit in entities accounting for using the equity method', 'Proceeds from sale of intangible assets and property, plant and equipment', 'Acquisition of associates, other investments and other non-current investments', 'Acquisition of businesses net of cash required' and 'Other cash flows from investing activities' as reported in the consolidated cash flow statement.

An aerial, grayscale view of a coastal city and harbor. In the sky, several military aircraft are visible, including a large fighter jet with multiple missiles, a helicopter, and a smaller jet. The city skyline is visible in the distance, and the harbor contains several ships and a large industrial or port facility. The overall scene is dimly lit, suggesting dawn or dusk.

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Back-up

# Guidance 2022 unchanged

	2022 target	2023 target	Medium term target
<b>Book-to-bill ratio<sup>(1)</sup></b>	>1x	>1x	>1x
<b>Revenue / revenue growth</b>	~€1.7bn (mid-teens growth)	Mid to high single digit	Mid single digit
<b>Adj. EBITDA / Adj. EBITDA margin<sup>(2)</sup></b>	€285m – €300m	~19%	>19%
		excl. pass-through revenues (~€150m)	excl. pass-through revenues (~€100m)
<b>Adj. pre-tax unlevered FCF<sup>(3)</sup></b>	~70% conversion on adjusted EBITDA	NWC: stable, falling slightly as % of revenue Cash tax rate: 28.3%	
<b>Net leverage<sup>(4)</sup></b>	<1.4x	<1.25x	<1.0x
<b>Dividend</b>	Up to 20% of adj. net income	30-40% of adj. net income	
<b>Capex and intangible investment</b>		Capex: 2.0-2.5% of revenue Cap. R&D: 2.0-3.0% of revenue	
<b>D&amp;A (% of revenues)</b>		~5% (t/o 50% IAS38) of revenue	

(1) Book-to-Bill ratio is defined as order intake / reported revenue for the relevant period. (2) Adjusted EBITDA is defined as EBIT adjusted for depreciation and amortization (including non-recurring effects on earnings from purchase price allocations), as well as certain non-recurring effects relating to transaction costs, IPO related costs and other non-recurring effects // reported revenue for the relevant period. (3) Adjusted Pre-Tax Unlevered Free Cash Flow is defined as free cash flow adjusted for non-recurring operating effects as well as interest, tax and M&A activities. The free cash flow is defined as sum of the cash flows from operating and investing activities as reported in the consolidated cash flow statement. (4) Net financial leverage including lease liabilities, excluding pensions.

# IR events\*



\* Dates might be subjected to changes



# IR Contacts

## Contact

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## HENSOLDT share

- **Type of share:**  
Bearer shares
- **Stock Exchange:**  
Frankfurt Stock Exchange
- **Security reference number:**  
ISIN DE000HAG0005

## Reports

- **Financial Reports:**  
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- **Annual Report:**  
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