

HENSOLDT

9M 2023 Results – Analyst & Investor Presentation

Taufkirchen, 9th of November 2023

Thomas Müller, CEO

Christian Ladurner, CFO

Disclaimer

This presentation and the information contained herein are for information purposes only and should not be treated as investment advice or recommendation. It is not, and nothing in it should be construed as an offer for sale, or as a solicitation of an offer to purchase or subscribe to, any securities in any jurisdiction. Neither this presentation nor anything contained therein shall form the basis of, or be relied upon in connection with, any commitment or contract whatsoever. This presentation does not constitute a prospectus in whole or in part. This presentation may not, at any time, be reproduced, distributed or published (in whole or in part) without prior written consent of HENSOLDT. Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the laws of any state of the United States, and may not be offered, sold or otherwise transferred in the United States absent registration or pursuant to an available exemption from registration under the Securities Act.

Certain financial information including financial information as of and for the 9M period ended September 30, 2023 is unaudited. The report is denominated in Euro (€). All amounts in this report are rounded to million or billion Euros. Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. This presentation contains certain supplemental financial or operative measures that are not calculated in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") or any other generally accepted accounting principles, and are therefore considered non-IFRS measures. We believe that such non-IFRS measures, when considered in conjunction with (but not in lieu of) other measures that are computed in accordance with IFRS, enhance the understanding of our business, results of operations, financial position or cash flows. There are, however, material limitations associated with the use of non-IFRS measures including (without limitation) the limitations inherent in the determination of relevant adjustments. The non-IFRS measures used by us may differ from, and may not be comparable to, similarly-titled measures used by other companies.

The information contained in this presentation has not been independently verified, and no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information contained herein and no reliance should be placed on it. HENSOLDT does not accept any liability for any loss howsoever arising (in negligence or otherwise), directly or indirectly, from this presentation or its contents or otherwise arising in connection with this presentation. This shall not, however, restrict or exclude or limit any duty or liability to a person under any applicable law or regulation of any jurisdiction which may not lawfully be disclaimed (including in relation to fraudulent misrepresentation).

The information contained in this presentation is provided as of the date of this presentation and is subject to change without notice.

Forward Looking Statement

This presentation may contain forward-looking statements about HENSOLDT and its businesses, including statements concerning its strategies, future growth potential of markets and products, profitability in specific areas, future product portfolio, and development of and competition in economics and markets. These statements are based on the current views, expectations, assumptions and information of management, and are based on information currently available to management. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects" and similar references to future periods.

Any such forward-looking statements involve known and unknown risks which may cause actual results to differ significantly from any future results expressed or implied. While we believe that the assumptions made and the expectations reflected in today's presentation are reasonable, no assurance can be given that such assumptions or expectations will prove to have been correct. The risks and uncertainties which these forward-looking statements may be subject to include (without limitation) future market developments and the impact of global and European social, political and economic events and developments, including the Russian war against the Ukraine and COVID-19 pandemic, as well as defence and security spending by governments, legal restrictions and controls applicable to sales of HENSOLDT's products, including government approval requirements and moratoriums, international conflicts and political developments affecting HENSOLDT, including by way of new export restrictions, trade barriers, or political support for competitors, HENSOLDT's inclusion and participation in major defence projects and platforms and HENSOLDT's competitive situation.

The company assumes no liability whatsoever to update these forward-looking statements or to adjust them to future events or developments.

HENSOLDT's public reports and presentations are available via www.HENSOLDT.net

Business Update

Increasing conflicts and tensions lead to a global poly-crisis

Threat Environment

Implications

- Significant uptick of threat environment in Europe through Russian war against Ukraine
- Increase of terrorist attacks and ethnic conflicts lead to a global poly-crisis
- Tensions rise in both the South China Sea and the Pacific
- Rise in new forms of warfare such as cyber attacks, covert threats to economic infrastructure and hybrid threats.

- Clear shift in global security perception towards increasing 'world-disorder'
- Higher commitment to defence budgets and NATO targets
- In Europe, focus on increasing conventional capabilities, especially on land
- In APAC, strong demand to increase maritime capability
- Increasing push towards future capabilities including smart sensors, electronic warfare & sensor data fusion



Source: Renaissance Strategic Advisors

HENSOLDT strongly positioned for the future of warfare

European pure-play sensor solutions leader with state-of-the-art technology

Focused capability

100% pure-play defence electronics

Platform independence

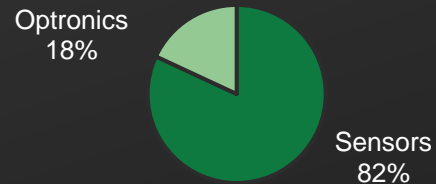
Leading supplier for platform agnostic sensor solutions

Innovation driver

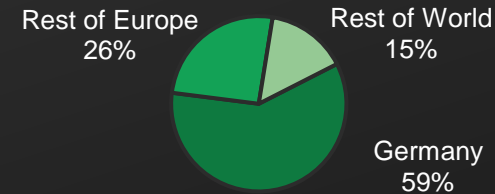
€91m self-funded R&D cash spend⁽¹⁾ in 2022A
+ customer-funded R&D ~10% of revenue

Addressing multiple attractive markets

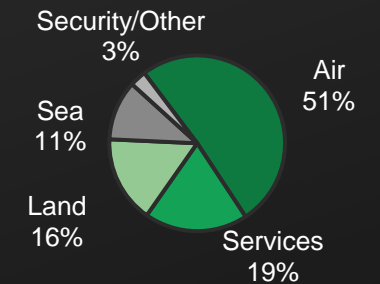
Growth segments (2022A)⁽²⁾



Global reach (2022A)⁽³⁾

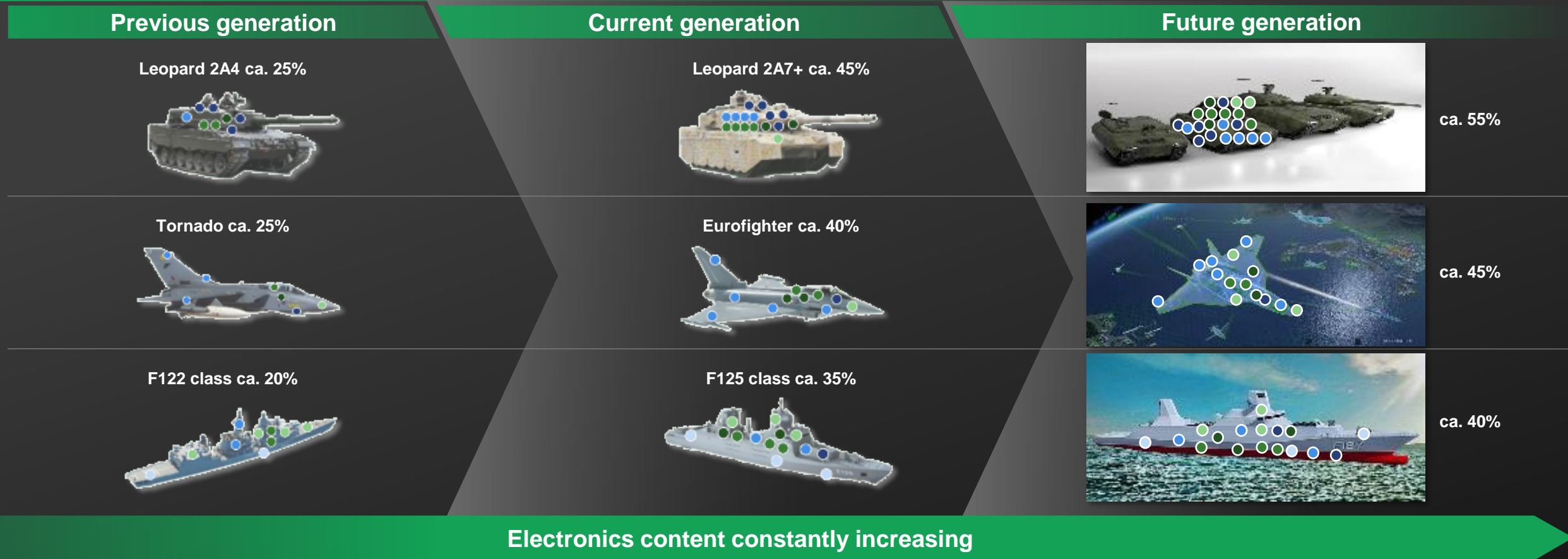


Across domains (2022A)⁽⁴⁾



Source: HENSOLDT AG. (1) Includes R&D costs and capitalized development costs; (2) Referring to 2022A revenue, Sensors: Radar & Naval Solutions, Spectrum Dominance & Airborne Solutions, and Customer Services & Space Solutions and includes Elimination/Transversal/Others; Optronics: optronics and optical and precision instruments for military, security and civil applications; (3) Referring to 2022A revenue, RoW includes Elimination/Transversal/Others; (4) Referring to 2022A revenue

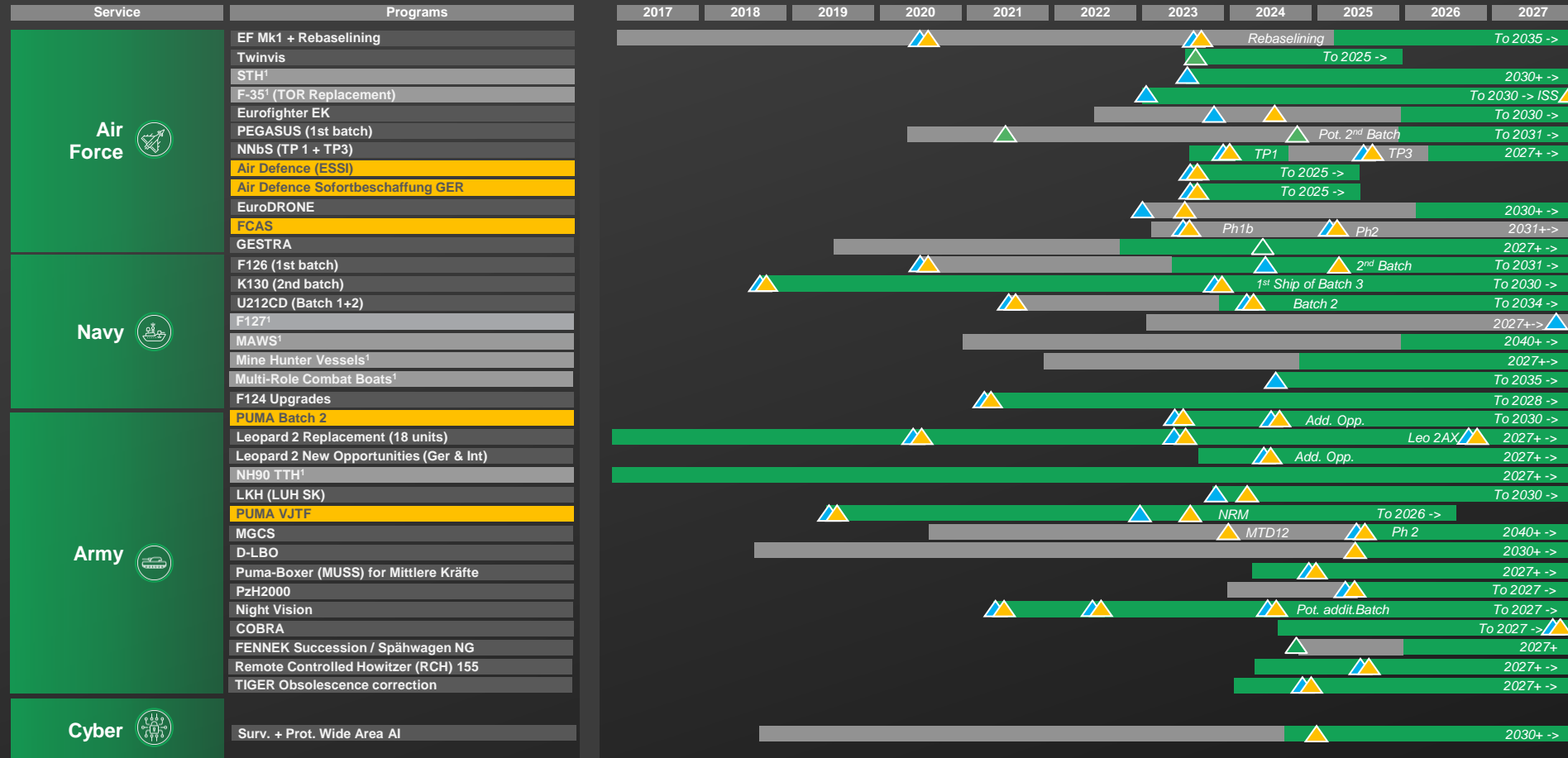
Electronics content & network connectivity on platforms continues to increase



Source: Renaissance Strategic Advisors.
Percentages refer to electronics content per domain

Indicative systems | ● Acoustics ● Electronic Warfare ● Optronics ● Radar ● Communications ● Command and Control / Avionics

German program landscape solidifies – HENSOLDT well positioned



- ▲ Award OEM
- ▲ Award HEN
- ▲ HEN OEM⁽²⁾
- Development
- Production

Source: Renaissance Strategic Advisors, Bundeswehr, HENSOLDT AG. Note: All based on current estimates and subject to change. (1) No Award/no order intake planned for HENSOLDT yet; (2) Original equipment manufacturer

Near term order intake from German customer



NNbS

Radars for short and very short range air defence system
~ €240m



EF MK1 re-baselining

Additional features required by customer
~ €100m



FCAS R&D

R&D for national capabilities
~ €55m



PUMA retrofit

Sights for PUMA tank
~ €25m

Near term international order intake



Baltic states



TRML-4D radars for
European Sky Shield Initiative

~ €55m



India



Obstacle avoidance system
for utility helicopters

~ €100m



South Korea



Self-protection
for light armed helicopters
& upgrade for SERO 250

~ €30m



Taiwan



TRS-4D
for Light Frigate

~ €20m



Indonesia



TRS-4D
for Offshore Patrol Vessels

~ €20m

PEGASUS Critical Design Review passed!



The first of three Bombardier Global 6000 is undergoing comprehensive structural modifications to accommodate the HENSOLDT Kalatron SIGINT payload



More than 300 HENSOLDTians and representatives of their suppliers were involved in the most valuable milestone in the PEGASUS project.

Goals achieved by the successfully passed CDR

- In-depth presentation of the PEGASUS solution design
- Comprehensive assessment of quality and suitability of the design
- Formal approval for the upcoming implementation of the design
- Basis for invoicing milestones amounting to **>200 M€**
- Customer quote:
"This CDR stands out positively in all respects, quality and technical depth of the presentations, presentation style and tight organisation are outstanding."

Tangible scope of CDR

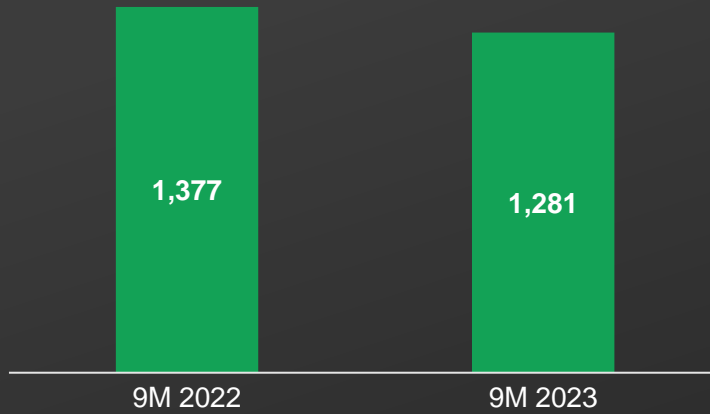
- 1,000+** Customer requirements
- 60+** Design presentations
- 1,100+** Slides
- 100+** Participants
- 6,300+** Pages documents
- Four** Live demonstrations

Financials

9M 2023 – continuous strong performance in top line

in €m

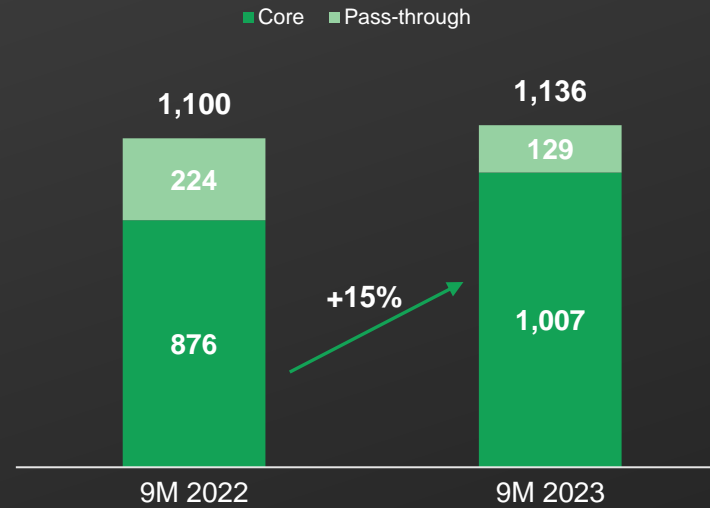
Order intake in line with expectations in 9M



Order intake⁽¹⁾

Order intake driven by strong baseline business, TRML-4D radars and systems for PUMA and Leopard 2 platforms
Well balanced between Germany and Europe

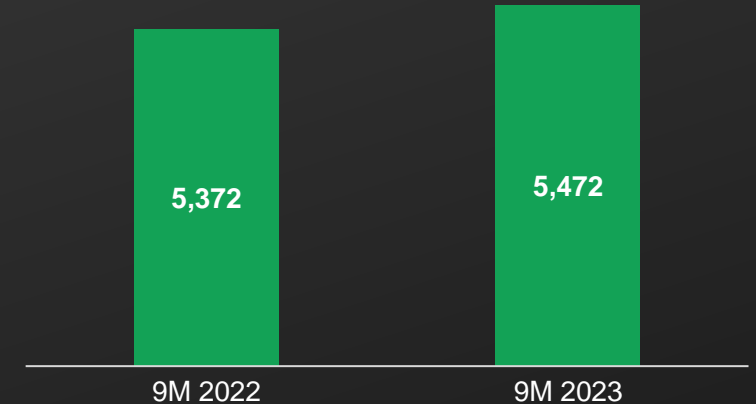
Significant increase of core revenue



Revenue

Excellent development driven by Sensors segment
Key programs Eurofighter MK1 & PEGASUS on track
Strong growth of baseline business

Robust order backlog



Order backlog⁽²⁾

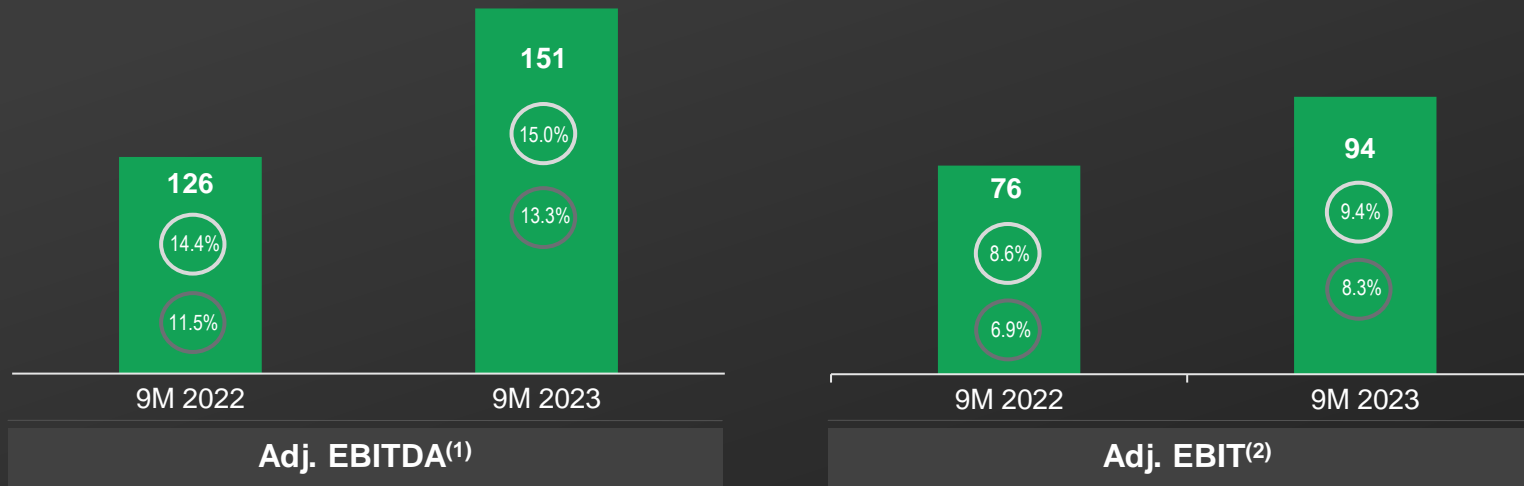
Book-to-bill ratio at 1.1x per 9M 2023
Strong order backlog provides excellent visibility

(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.

9M 2023 – bottom line follows excellent top line development in €m

Further increase of profitability

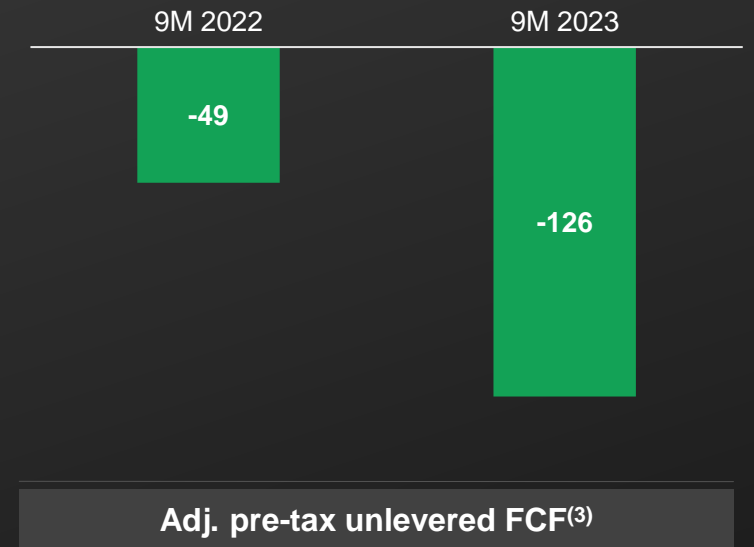
○ Core margin excluding pass-through revenue ○ Reported margin



Profitability is driven by higher volumes supported by economies of scale partly offset by investment in growth and product mix

Margin increased due to growth of core business

Investment in working capital as planned



Preparation of strong revenue recognition in the fourth quarter of the year evolves as planned

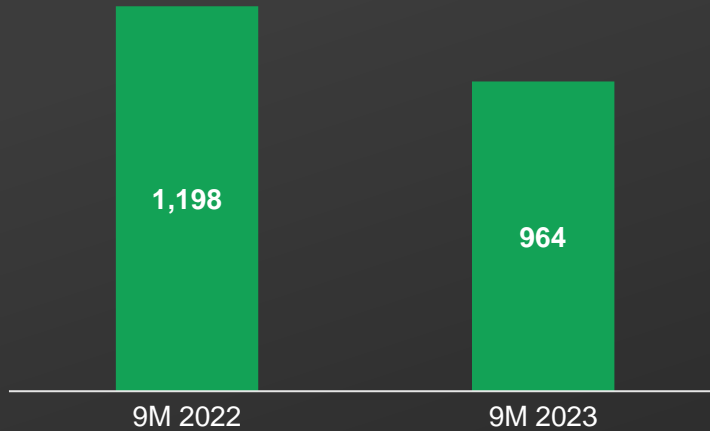
Recent program milestones provide high cash visibility for Q4

(1) Adjusted EBITDA is defined as EBIT adjusted for depreciation and amortization including non-recurring effects on earnings from Transaction costs, OneSAPnow-related non-recurring effects as well as other non-recurring effects. (2) Adjusted EBIT is defined as EBIT adjusted for certain non-recurring effects relating to effects effects on earnings from Transaction costs, OneSAPnow-related non-recurring effects as well as 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.

9M 2023 – Sensors segment

in €m

Order intake in line with expectations

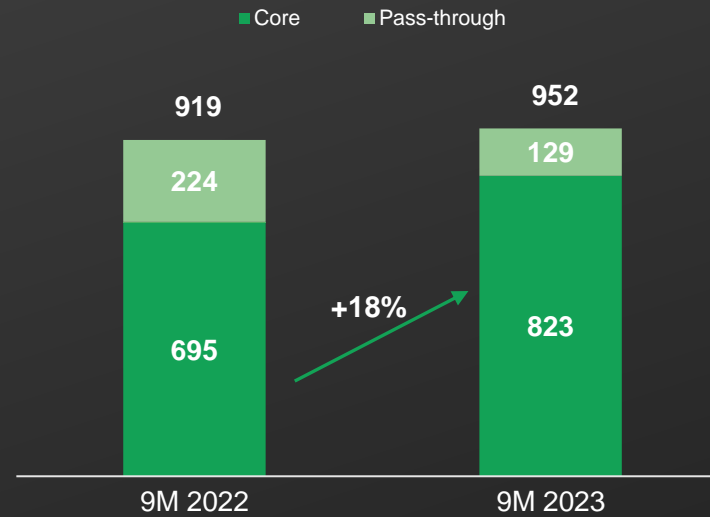


Order intake⁽¹⁾

Order intake at very high level driven by TRML-4D and the MUSS self-protection system for PUMA

9M 2022 included F-126, C3 Service Contract for EF and EF Halcon with a volume of > €600m

Significant increase of core revenue

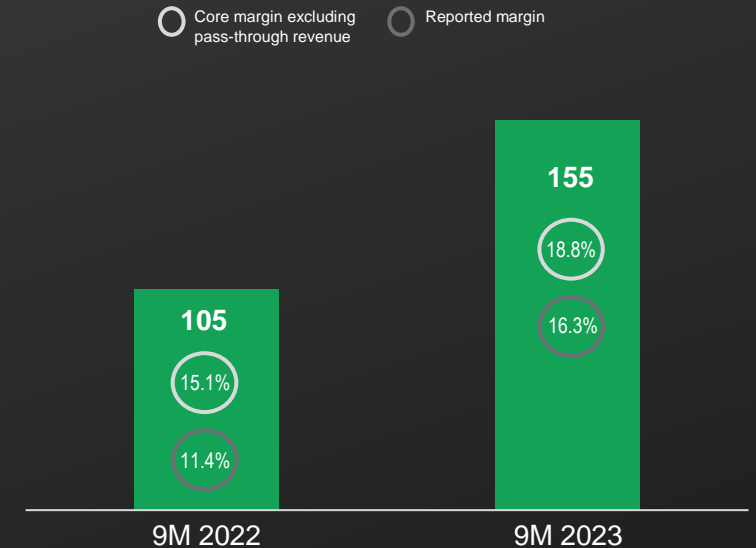


Revenue

Considerable growth of baseline business

Main revenue drivers are key programs Eurofighter MK1 and PEGASUS

Excellent margin performance



Adj. EBITDA⁽²⁾

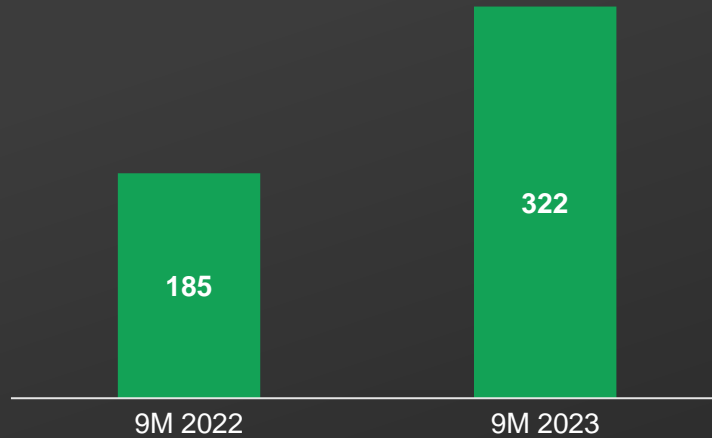
Higher volumes and economies of scale drive absolute margin uplift

(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) 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

9M 2023 – Optronics segment

in €m

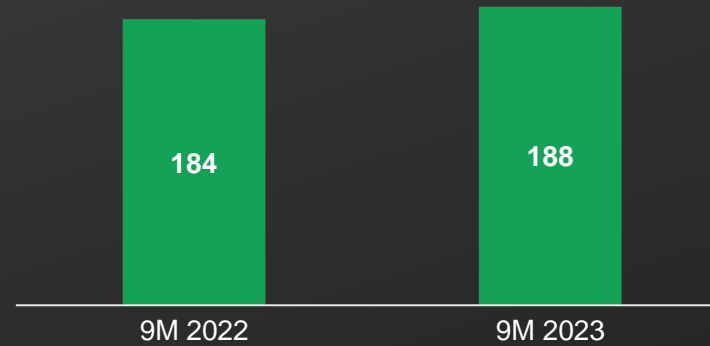
Strong momentum in order intake



Order intake⁽¹⁾

Main order intake drivers are PUMA 2nd batch and retrofit, Leopard 2 for Norway and Sweden as well as Ula class submarine optronics for Norway

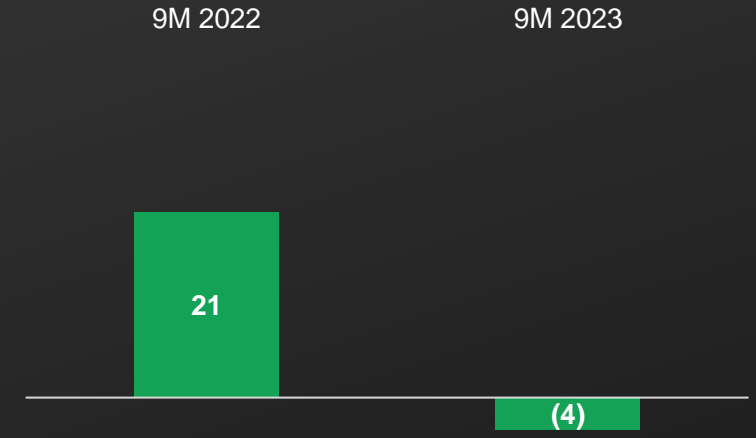
Sustainable growth of revenue



Revenue

Main drivers are FFM, M1 Abrams laser rangefinder as well as periscopes and optronic mast systems for submarines

Investments in digitalization and growth



Adj. EBITDA⁽²⁾

Margin impacted by less favourable product mix, ramp-up of production and investments in digitalization of portfolio

(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) 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

Short and medium term guidance confirmed

	2023 target ⁽⁵⁾	Medium term target ⁽⁵⁾
Book-to-bill ratio ⁽¹⁾ / Order intake	1.1x - 1.2x	Orders to grow significantly faster than revenue
Revenue growth	~ €1,850m with stronger growth in core revenue	10% average annual growth
Adjusted EBITDA margin ⁽²⁾	~19% before pass-through revenue	>19% before pass-through revenue
Adjusted pre-tax unlevered FCF ⁽³⁾	~70% average conversion on adjusted EBITDA	70% - 80% average conversion on adjusted EBITDA
Net leverage ⁽⁴⁾	≤1.0x	n/a
Dividend	30% - 40% of adjusted net income	30% - 40% of adjusted net income

(1) Average share of pass-through revenue of total revenue was ~10% between 2020A and 2022E; pass-through share of total revenue is expected to be in the mid single-digit percentage range between 2023E and 2025E; (2) Adjusted EBITDA margin excluding certain non-recurring effects such as Transaction costs, OneSAPnow-related non-recurring effects as well as other non-recurring effects. (3) Adjusted Pre-Tax Unlevered Free Cash Flow is Defined as free cash flow adjusted for non-recurring effects as well as interest, tax and M&A activities. (4) Net leverage includes lease liabilities, but excludes pensions; (5) excluding material M&A.

Strong 9M performance lays the basis for a successful year 2023

Achievements

- High order backlog of €5.5bn provides excellent revenue visibility
- Efficient project execution and significant increase of core revenue
- Excellent profitability and high cash visibility
- Prepared for strong revenue recognition in Q4 as planned

▶ **FY 2023 and mid-term guidance confirmed**

Outlook

- Further orders from special fund received with more orders expected near-term
- Continuing close exchange with German customer
- Several international programs to be booked near-term
- Smooth and sustainable growth in front of us

▶ **HENSOLDT strongly positioned for upcoming growth**

HENSOLDT

Q&A session

HENSOLDT

Financial Section

Consolidated Income Statement

in € million	First nine months	
	2023	2022
Revenue	1,136	1,100
Cost of sales	-916	-896
Gross profit	220	205
Selling and distribution expenses	-83	-80
General administrative expenses	-76	-66
Research and development costs	-20	-25
Other operating income	17	15
Other operating expenses	-14	-14
Other result from investments	5	–
Earnings before finance result and income taxes (EBIT)	49	35
Interest income	17	4
Interest expense	-48	-32
Other finance income / costs	-7	6
Finance result	-38	-21
Earnings before income taxes (EBT)	11	14
Income taxes	-16	-15
Group result	-5	-1
<i>thereof attributable to the owners of HENSOLDT AG</i>	-4	0
<i>thereof attributable to non-controlling interests</i>	-1	-1

Consolidated Statement of Financial Position – Assets

in € million	As at	
	9M 2023	YE 2022
Non-current assets	1,395	1,335
Goodwill	658	658
Intangible assets	376	384
Property, plant and equipment	129	121
Right-of-use assets	181	140
Investments and other financial assets ⁽¹⁾	35	23
Other non-current assets	2	2
Deferred tax assets	14	6
Current assets	1,738	1,644
Other ⁽²⁾	28	30
Inventories	687	516
Contract assets	304	182
Trade receivables	265	323
Other current assets	122	133
Cash and cash equivalents	333	460
Total assets	3,133	2,979

(1) Includes Other investments and other non-current 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 & Liabilities

in € million	As at	
	9M 2023	YE 2022
Share capital	105	105
Capital reserve and other reserves	568	554
Retained earnings	-95	-55
Equity held by shareholders of HENSOLDT AG	579	604
Non-controlling interests	13	13
Equity, total	592	616
Non-current liabilities	1,205	1,160
Non-current provisions	287	282
Non-current financing liabilities ⁽¹⁾	620	621
Non-current contract liabilities	–	11
Non-current lease liabilities	183	140
Other non-current liabilities	9	11
Deferred tax liabilities	105	94
Current liabilities	1,337	1,203
Current provisions	174	181
Current financing liabilities ⁽²⁾	129	16
Current contract liabilities	488	488
Current lease liabilities	18	18
Trade payables	423	379
Other current liabilities	85	101
Tax liabilities	18	19
Total equity and liabilities	3,133	2,979

(1) Includes Non-current financing liabilities and Other non-current financial liabilities.

(2) Includes Current financing liabilities and Other current financial liabilities.

Consolidated Statement of Cash Flow (1/2)

in € million	First nine months	
	2023	2022
Group result	-5	-1
Depreciation, amortisation and impairments of non-current assets	86	78
Financial expenses (net)	25	23
Change in		
Provisions	-2	4
Inventories	-176	-122
Contract balances	-133	-84
Trade receivables	55	59
Trade payables	45	44
Other assets and liabilities	10	1
Interest paid	-30	-19
Interest received	5	0
Income tax payments (-) / refunds (+)	-10	-6
Other ⁽¹⁾	19	9
Cash flows from operating activities	-113	-15
Acquisition / addition of intangible assets and property, plant and equipment	-71	-68
Acquisition of associates, other investments and other non-current financial assets	-6	-2
Acquisition of subsidiaries net of cash acquired	-1	-1
Other ⁽²⁾	2	0
Cash flows from investing activities	-76	-70

(1) Includes Impairments/reversals of impairments of inventories, trade receivables and contract assets, Other non-cash expense/income and Income tax expense/income.

(2) Includes Proceeds from sale of intangible assets and property, plant and equipment, proceeds from disposals of associates, other investments and non-current financial assets and Other cash flows from investing activities.

Consolidated Statement of Cash Flow (2/2)

in € million	First nine months	
	2023	2022
Cash flows from operating activities	-113	-15
Cash flows from investing activities	-76	-70
Proceeds/repayment of financial liabilities ⁽¹⁾	108	-22
Payment of lease liabilities	-14	-14
Dividend payments	-32	-26
Dividends on non-controlling interests	–	-0
Other	–	0
Cash flows from financing activities	62	-62
Effects of changes in exchange rates on cash and cash equivalents	-0	2
Net changes in cash and cash equivalents	-127	-145
Cash and cash equivalents		
Cash and cash equivalents on 1 January	460	529
Cash and cash equivalents on 30 September	333	385

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

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

in € million	First nine months	
	2023	2022
Order intake	1,281	1,377
Sensors	964	1,198
Optronics	322	185
Elimination/Transversal/Others	-6	-6
Revenue	1,136	1,100
Sensors	952	919
Optronics	188	184
Elimination/Transversal/Others	-4	-3
Adjusted EBITDA⁽¹⁾	151	126
Sensors	155	105
Optronics	-4	21
Elimination/Transversal/Others	-	-

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

Overview of EBITDA and EBIT adjustments

EBITDA adjustments in € million	First nine months	
	2023	2022
EBIT	49	35
(+) Depreciation	34	33
(+) Amortization	46	45
EBITDA	129	113
(+) Effects on earnings from purchase price allocations	6	–
(+) Transaction costs	–	0
(+) OneSAPnow-related non-recurring effects	5	–
(+) Other non-recurring effects	12	13
Adjusted EBITDA	151	126

EBIT adjustments in € million	First nine months	
	2023	2022
EBIT	49	35
(+) Effect on earnings from purchase price allocations	29	27
<i>thereof intangible assets</i>	29	27
<i>thereof property, plant and equipment</i>	0	0
(+) Transaction costs	–	0
(+) OneSAPnow-related non-recurring effects	5	–
(+) Other non-recurring effects	12	13
Adjusted EBIT	94	76

Reconciliation of reported to adjusted pre-tax unlevered FCF

in € million	First nine months	
	2023	2022
Cash flows from operating activities	-113	-15
Cash flows from investing activities	-76	-70
Free cash flow	-189	-85
(+) Transaction costs	–	0
(+) OneSAPnow-related non-recurring effects	6	–
(+) Other non-recurring effects	15	9
(+) Interest ⁽¹⁾ , income taxes ⁽²⁾ and M&A-activities ⁽³⁾	41	27
Adjusted pre-tax unlevered free cash flow	-126	-49
Cash flows from financing activities	62	-62

(1) Defined as 'Interest paid' (including interest on lease liabilities) and 'Interest received' as reported in the Consolidated Statement of Cash Flows.

(2) Defined as 'Income tax payments / refunds' as reported in the Consolidated Statement Cash Flows.

(3) Defined as sum of 'Acquisition of associates, other investments and other non-current financial assets', 'Proceeds from sale of intangible assets and property, plant and equipment',

'Acquisition of subsidiaries net of cash acquired', 'Proceeds from disposals of associates, other investments and non-current financial assets' and 'Other cash flows from investing activities' as reported in the Consolidated Statement of Cash Flows.

Q3 Financial Overview HENSOLDT Group

in € million	Third quarter	
	2023	2022
Order intake	210	428
Book-to-bill ratio ⁽¹⁾	0.5x	1.0x
Revenue	410	418
Adjusted EBIT ⁽²⁾	49	49
Adjusted EBITDA ⁽³⁾	69	65
Adjusted EBITDA margin	16.9 %	15.7 %
Adjusted pre-tax unlevered free cash flow ⁽⁴⁾	9	108

(1) Book-to-Bill ratio is defined as order intake / reported revenue for the relevant period

(2) Adjusted EBIT is defined as EBIT adjusted certain non-recurring effects relating to transaction costs, OneSAPnow-related non-recurring effects and other non-recurring effects

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

(4) 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

Reconciliation of reported to adjusted net income

in € million	First nine months	
	2023	2022
Group result		
(+) Effect on earnings from purchase price allocations	-5	-1
(+) Transaction costs	29	27
(+) OneSAPnow-related non-recurring effects	–	0
(+) Other non-recurring effects	5	–
Adjusted net income pre-tax adjustment	12	16
(-) Tax adjustments ⁽¹⁾	40	42
Adjusted net income	-13	-12
	28	30

(1) Includes tax adjustments on effect on earnings from PPA, OneSAPnow-related non-recurring effects and other non-recurring effects

HENSOLDT

Back-up

IR events*



* Dates might be subjected to changes

IR Contacts

Contact

- **Contact:**
Veronika Endres
Tim Schmid
- **Phone:**
+49 89 51518 2057
+49 89 51518 2625
- **Email:**
investorrelations@hensoldt.net
- **Internet:**
www.hensoldt.net

HENSOLDT share

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

Reports

- **Financial Reports:**
<https://investors.hensoldt.net>
- **Annual Report:**
<https://annualreport.hensoldt.net>
- **Sustainability Report:**
www.hensoldt.net



Detect and Protect.

This document and its content is the property of HENSOLDT AG. It shall not be communicated to any third party without the owner's written consent. © Copyright HENSOLDT AG 2023. All rights reserved.

