



HENSOLDT

Q1 2021 Results – Analyst & Investor Presentation

Taufkirchen, 7th of May 2021

Thomas Müller, CEO

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Detect and Protect.

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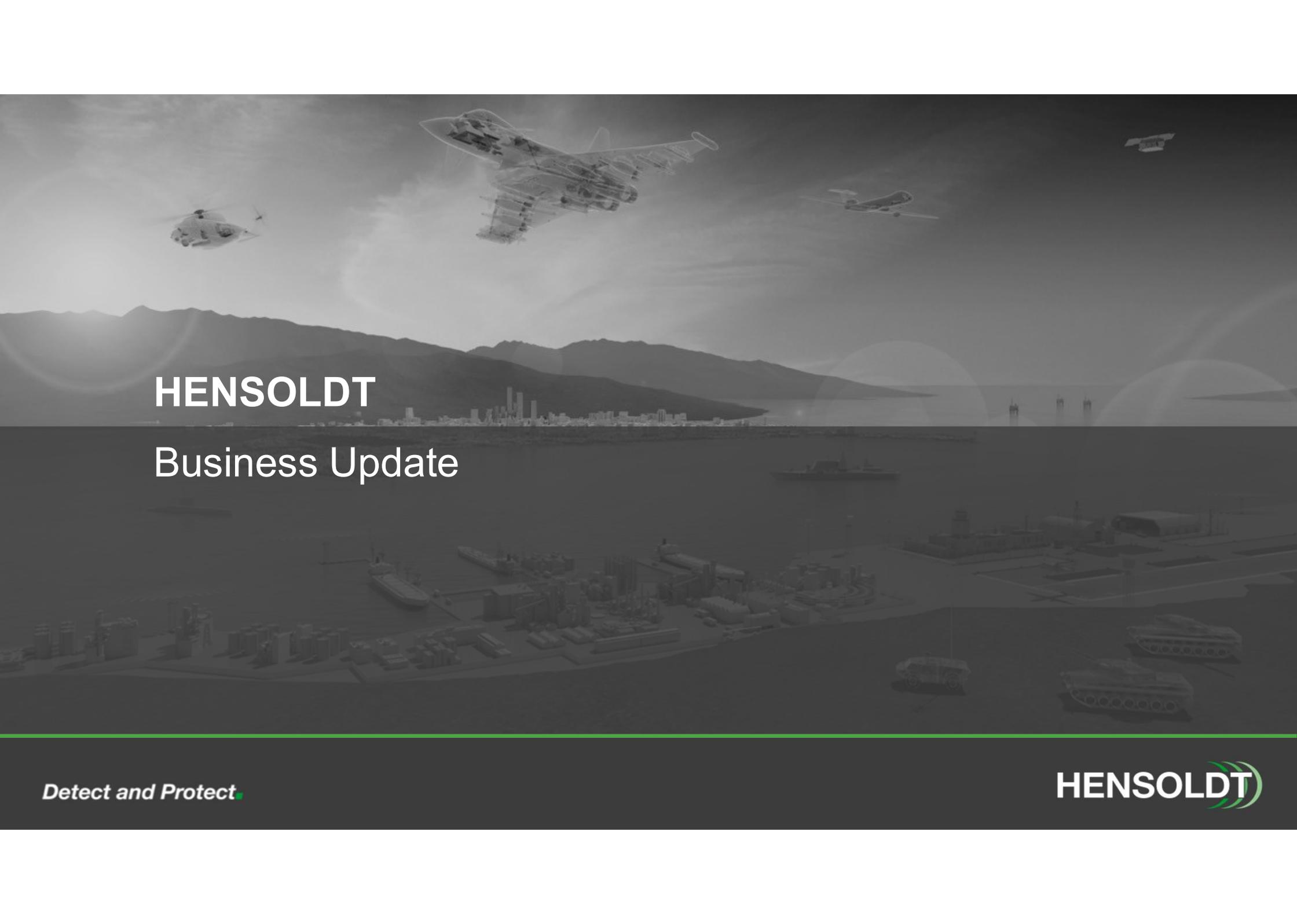
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An aerial, grayscale photograph of a coastal city and harbor. In the sky, several military aircraft are visible, including a large fighter jet in the center, a helicopter on the left, and a smaller jet on the right. The city skyline is visible in the middle ground, and the harbor contains several ships. The foreground shows a detailed view of a port facility with various structures and vessels.

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Business Update

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HENSOLDT: Strong momentum continues



Strong order intake in Q1
Orders with a total volume
of >€0.5bn booked



Record order backlog
of €3.8bn⁽¹⁾

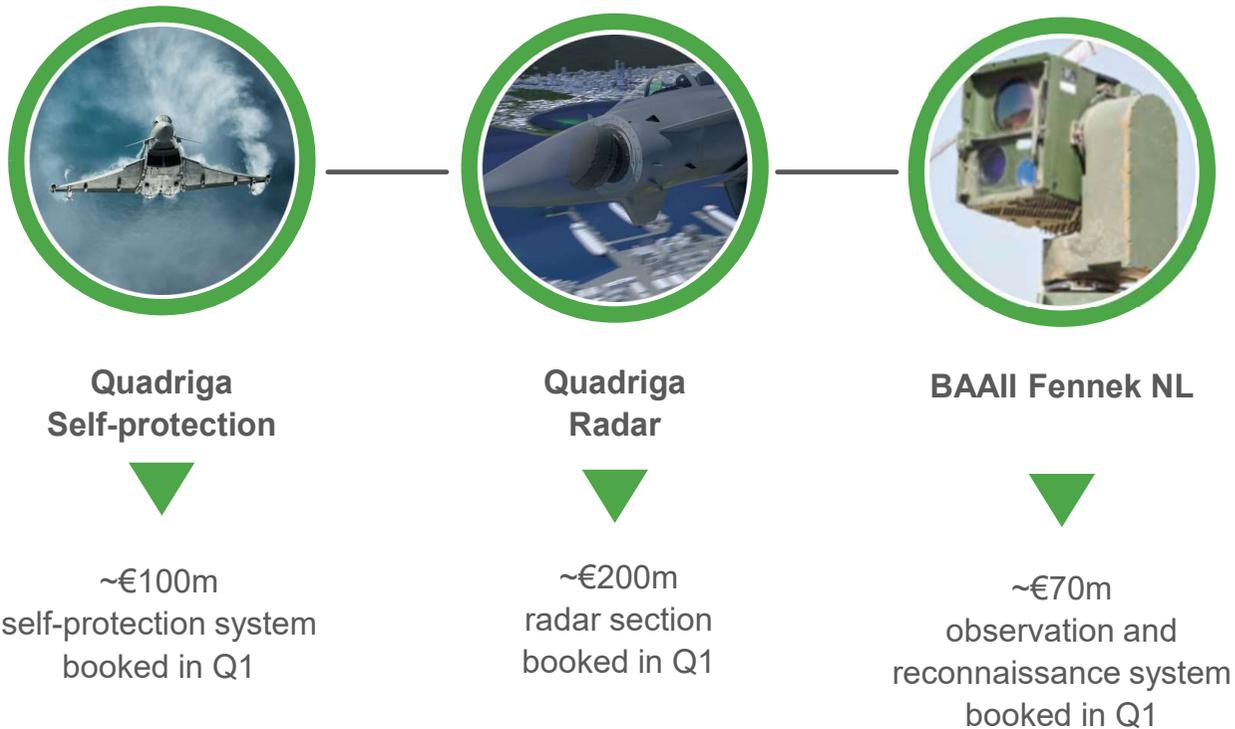


€10+ billion order pipeline

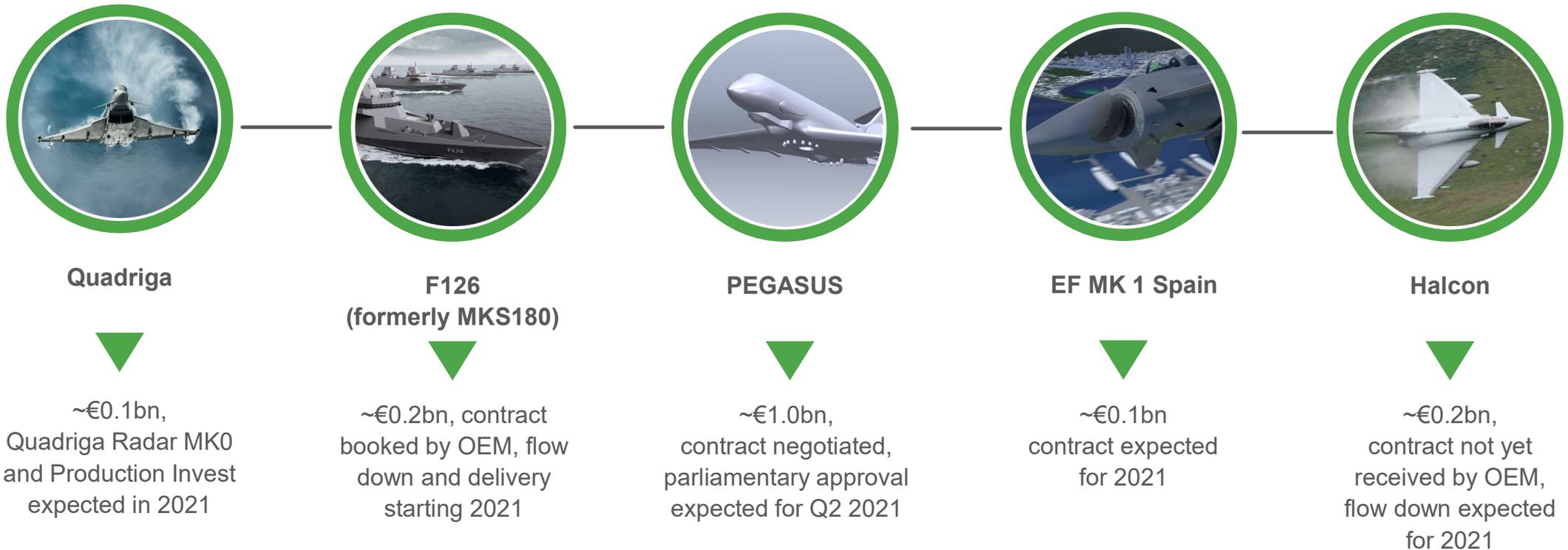


- **LEONARDO S.p.A to become an additional anchor shareholder with a total stake of 25.1%**
- **KfW signed an agreement to purchase 25.1% of HENSOLDT's shares**

Pipeline transforms into order intake of €546m in first quarter



Soft order backlog continues to mature



European key programs continue to evolve



FCAS



Various contracts in negotiation and close to conclusion (Demonstrator Phase 1b, GE-national Masterplan)



MAWS



Continuation of bi-national feasibility study in negotiation



MGCS



HENSOLDT selected for German share in the Sensor Demonstrator MTD 12, securing major share in overall MGCS sensor system



Eurodrone



German parliament approved €3bn contract for development of Eurodrone with partner nations France, Italy, Spain

HENSOLDT is fully on track



- We continue to 'walk the talk' and deliver on our guidance
- We continue to leverage our investment in technology to gain new orders
- We continue to benefit from the growth momentum in the defence electronics sector

An aerial, grayscale photograph of a coastal city and harbor. In the foreground, a large industrial or port facility is visible with various structures and ships. The middle ground shows a city skyline along the water's edge. The background features a range of mountains under a cloudy sky. Several military aircraft, including a large fighter jet and a helicopter, are flying in the upper portion of the frame.

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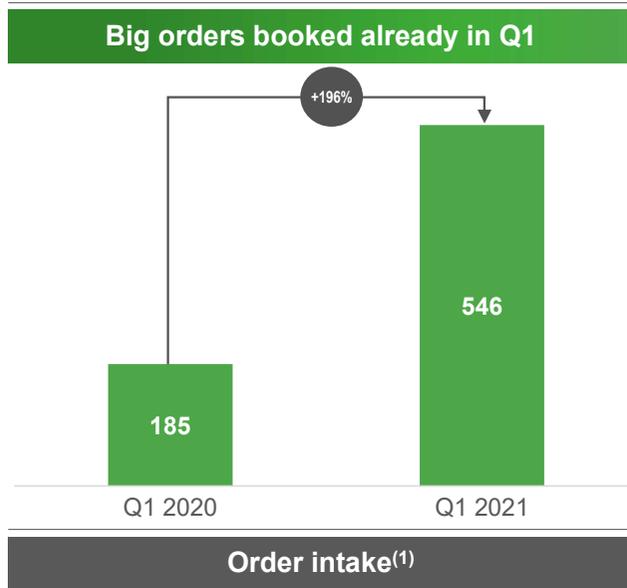
Financials

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Q1 2021 – growth in top line continues

in €m



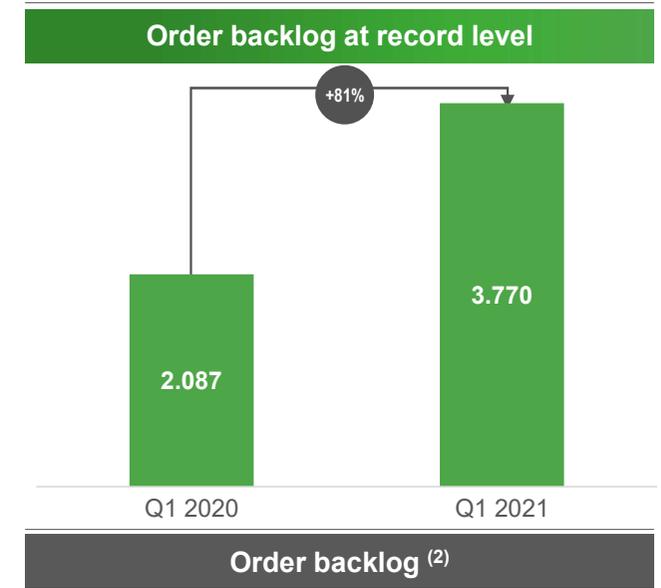
Significant increase due to
Quadriga contract and BAA II NL

Entire business develops as planned



Revenue increased by 6.2%

Ramp-up of key programs as expected



Book-to-bill at 2.6x

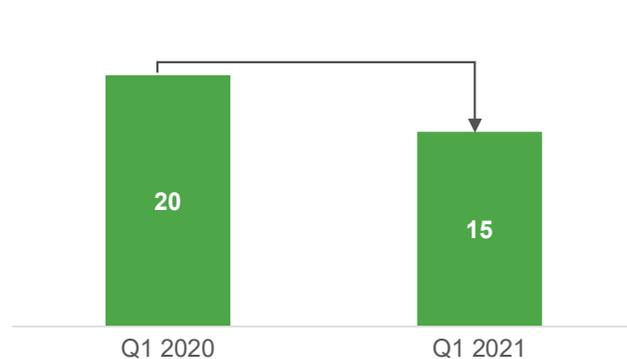
Firm order backlog at €3.8m covering
guided revenues 2021 >2.5x

(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.

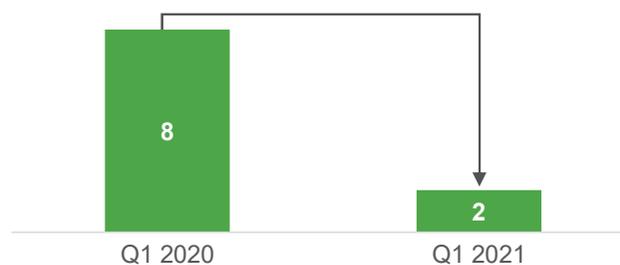
Q1 2021 – bottom line develops as planned

in €m

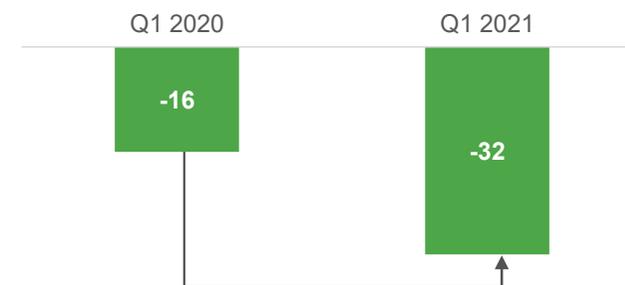
Investment to support future growth



Adj. EBITDA⁽¹⁾



Adj. EBIT⁽²⁾



Adj. pre-tax unl. FCF⁽³⁾

Adj. EBITDA and adj. EBIT reflecting pass-through business and major projects in early stage
Investment in bid budget and self-funded R&D in order to ensure further growth

Ramp up of key projects reflected in
working capital as planned

(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, separation 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, separation 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.

We walk the talk and are well positioned



HENSOLDT is **fully on track**

- Order intakes materialize
- Record level of order backlog
- High visibility of revenues
- Baseline business develops as planned



HENSOLDT **confirms mid-term guidance** for all KPIs

- Further growth in top and bottom line
- Profitability remains on high level due to efficient project execution
- Further investments in technology leadership
- Operative cash generation enables further deleveraging

An aerial, grayscale photograph of a coastal city and harbor. In the foreground, a large industrial or port facility is visible with various structures and ships. The middle ground shows a city skyline along the water's edge. The background features a range of mountains under a cloudy sky. Several military aircraft, including a large fighter jet and several smaller jets, are flying in the upper portion of the frame. The overall scene is dimly lit, suggesting dusk or dawn.

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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 in the center, a helicopter on the left, and a smaller jet on the right. The city skyline is visible in the middle ground, and the harbor contains several ships. The foreground shows a large industrial or port facility with various structures and ships.

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Financial Section

Consolidated Income Statement

€m	First 3 Months	
	2021	2020
Revenue	208.8	196.6
Cost of sales	(178.6)	(164.6)
Gross profit	30.2	32.0
Selling and distribution expenses	(23.2)	(21.6)
General administrative expenses	(17.6)	(20.0)
Research and development costs	(6.6)	(5.8)
Other operating income	3.5	4.4
Other operating expenses	(3.2)	(4.8)
Share of profit / loss from investment accounted for using the equity method	(1.0)	(0.7)
Earnings before finance result and income taxes (EBIT)	(17.9)	(16.5)
Interest income	2.2	1.1
Interest expense	(12.5)	(75.4)
Other finance income / costs	3.0	(4.2)
Finance result	(7.3)	(78.5)
Earnings before income taxes	(25.2)	(95.0)
Income taxes	3.2	25.3
Group result	(22.0)	(69.7)
<i>thereof attributable to the owners of HENSOLDT AG</i>	<i>(21.6)</i>	<i>(69.6)</i>
<i>thereof attributable to non-controlling interests</i>	<i>(0.4)</i>	<i>(0.1)</i>

Consolidated Statement of Cash Flows

€m	First 3 months	
	2021	2020
Group result	(22.0)	(69.7)
Depreciation and amortization	29.3	29.0
Financial expenses (net)	9.1	72.9
Change in net working capital ⁽¹⁾	(29.0)	(10.2)
Interest paid	(9.9)	(12.0)
Income tax expense	(3.3)	(25.4)
Other ⁽²⁾	(2.5)	5.0
Cash flows from operating activities	(28.3)	(10.4)
Acquisition/addition of intangible assets and property, plant and equipment	(20.1)	(23.4)
Acquisition of associates, other investments and other non-current investments	(9.0)	(1.2)
Disposal of associates, other investments and other non-current investments	0.0	0.5
Acquisition of businesses net of cash acquired	(2.2)	-
Other ⁽³⁾	0.1	0.4
Cash flows from investing activities	(31.2)	(23.7)
Proceeds / repayment of financial liabilities ⁽⁴⁾	(243.2)	192.2
Payment of lease liabilities	(3.9)	(3.5)
Transaction cost on issue of equity	(3.4)	-
Cash flows from financing activities	(250.5)	188.7
Effects of movements in exchange rates on cash and cash equivalents	0.2	(4.2)
Other adjustments	-	(2.1)
Net changes in cash and cash equivalents	(309.8)	148.3
Cash and cash equivalents		
Cash and cash equivalents at beginning of period	645.5	137.4
Cash and cash equivalents at end of period	335.7	285.7

(1) Includes changes in provisions, inventories, contract balances, trade receivables, trade payables, other assets and liabilities. (2) Includes allowances on inventories, trade receivables and contract assets, profit/loss from disposal of non-current assets, share of profit in entities recognized according to the equity method, other non-cash expenses/income, income taxes payments / refunds. (3) Proceeds from sale of intangible assets and property, plant and equipment and Other cash flows from investing activities. (4) Includes Repayment of financing liabilities to banks and Proceeds/repayment of other financing liabilities.

Consolidated Statement of Financial Position – Assets

€m	As at	
	Q1 2021	YE 2020
Non-current assets	1,312.8	1,313.4
Goodwill	638.1	637.2
Intangible assets	382.4	386.2
Property, plant and equipment	103.7	103.1
Right-of-use assets	148.4	143.5
Investments and other financial assets ⁽¹⁾	17.5	12.3
Other non-current assets	4.8	4.8
Deferred tax assets	17.9	26.3
Current assets	1,371.7	1,634.2
Other ⁽²⁾	23.7	19.9
Inventories	462.5	403.7
Contract assets	203.9	204.4
Trade receivables	258.2	282.0
Other currents assets	87.7	78.7
Cash and cash equivalents	335.7	645.5
Total assets	2,684.5	2,947.6

(1) Includes investments accounted for using the equity method, 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, income tax receivables.

Consolidated Statement of Financial Position - Equity and Liabilities

€m	As at	
	Q1 2021	YE 2020
Share capital	105.0	105.0
Capital reserve and other reserves ⁽¹⁾	547.2	510.5
Retained earnings	(303.2)	(281.6)
Equity held by shareholders of HENSOLDT AG	349.0	333.9
Non-controlling interests	13.0	12.9
Equity, total	362.0	346.8
Non-current liabilities	1,249.8	1,257.1
Non-current provisions	447.4	482.6
Non-current financing liabilities ⁽²⁾	602.9	601.5
Non-current contract liabilities	41.7	16.0
Non-current lease liabilities	145.2	140.3
Other non-current liabilities	7.3	9.0
Deferred tax liabilities	5.3	7.7
Current liabilities	1,072.7	1,343.7
Current provisions	185.9	193.6
Current financing liabilities ⁽³⁾	216.2	461.1
Current contract liabilities	415.1	416.8
Current lease liabilities	14.9	13.7
Trade payables	150.5	164.0
Other current liabilities	81.0	86.9
Tax liabilities	9.1	7.6
Total equity and liabilities	2,684.5	2,947.6

(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.

Reconciliation of reported to adjusted pre-tax unlevered FCF

€m	First 3 months	
	2021	2020
Cash flows from operating activities	(28.3)	(10.4)
Cash flows from investing activities	(31.2)	(23.7)
Free cash flow	(59.5)	(34.1)
(+) Transaction costs	-	0.4
(+) Separation costs	-	(0.1)
(+) IPO related costs	3.5	1.4
(+) Other non-recurring effects	3.2	5.3
(+) Interest ⁽¹⁾ , income taxes ⁽²⁾ and M&A-activities ⁽³⁾	20.8	10.7
Adjusted pre-tax unlevered free cash flow	(32.0)	(16.2)
Cash flows from financing activities	(250.5)	188.7

(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 recognized according to the equity method', 'Acquisition of associates, other investments and other non-current investments', 'Disposal of associates, other investments and other non-current investments', 'Proceeds from sale of intangible assets and property, plant and equipment', 'Acquisition of subsidiaries net of acquired cash' and 'Other cash flows from investing activities' as reported in the consolidated cash flow statement.

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

€m	First 3 months	
	2021	2020
Order intake	546.2	184.6
Sensors	402.3	129.4
Optronics	144.2	55.3
Elimination/Transversal/Others	(0.3)	(0.1)
Revenue	208.8	196.6
Sensors	164.9	154.3
Optronics	44.3	42.4
Elimination/Transversal/Others	(0.4)	(0.1)
Adjusted EBITDA⁽¹⁾	15.1	19.5
Sensors	13.2	16.5
Optronics	3.2	3.7
Elimination/Transversal/Others	(1.3)	(0.7)

(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, separation costs, IPO related costs and other non-recurring effects.

Overview of EBITDA and EBIT adjustments

EBITDA adjustments (€m)		
	Q1 2021	Q1 2020
EBIT	(17.9)	(16.5)
(+) Depreciation	10.4	9.8
(+) Amortization	18.9	19.2
EBITDA	11.4	12.5
(+) Transaction costs	-	-
(+) Separation costs	-	-
(+) IPO related costs	0.7	2.3
(+) Other non-recurring effects	3.0	4.7
Adj. EBITDA	15.1	19.5

EBIT adjustments (€m)		
	Q1 2021	Q1 2020
EBIT	(17.9)	(16.5)
(+) Effect on earnings from purchase price allocations	15.8	17.2
<i>thereof intangible assets</i>	15.6	17.0
<i>thereof property, plant and equipment</i>	0.2	0.2
<i>thereof inventories</i>	0.0	0.0
(+) Transaction costs	-	-
(+) Separation costs	-	-
(+) IPO related costs	0.7	2.3
(+) Other non-recurring effects	3.0	4.7
Adj. EBIT	1.6	7.7

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Back-up

Guidance 2021 and medium term targets confirmed

	2021 target	2022 target	Medium term target
Book-to-bill ratio⁽¹⁾	~2x	>1x	>1x
Revenue / revenue growth	€1.4-1.6bn	Mid teens growth	Mid to high single digit
Adj. EBITDA margin⁽²⁾	~18% Excl. pass-through revenues (~€100m) with effects from early stage of major projects	recovery to approx. 2019 levels in the medium term excl. pass-through revenues (~€150m) in short term	
Adj. pre-tax unlevered FCF⁽³⁾	~70% conversion on adjusted EBITDA	NWC: stable in absolute terms, thereafter falling slightly as % of revenue Cash tax rate: 2022: 10-12% thanks to use of tax loss carryforwards, medium term 28.3%	
Net leverage⁽⁴⁾	<2.25x	<2x	
Dividend	Up to 20% of adj. net income	Up to 20% of adj. net income	30-40% of adj. net income
Capex and intangible investment	€85-90m p.a. (o/w €50-55m capitalized R&D)		Capex: 2.0-2.5% of revenue Cap. R&D: 2.0-3.0% of revenue
D&A (% of revenues)	~4% (o/w IAS38 1-2%) of revenue		

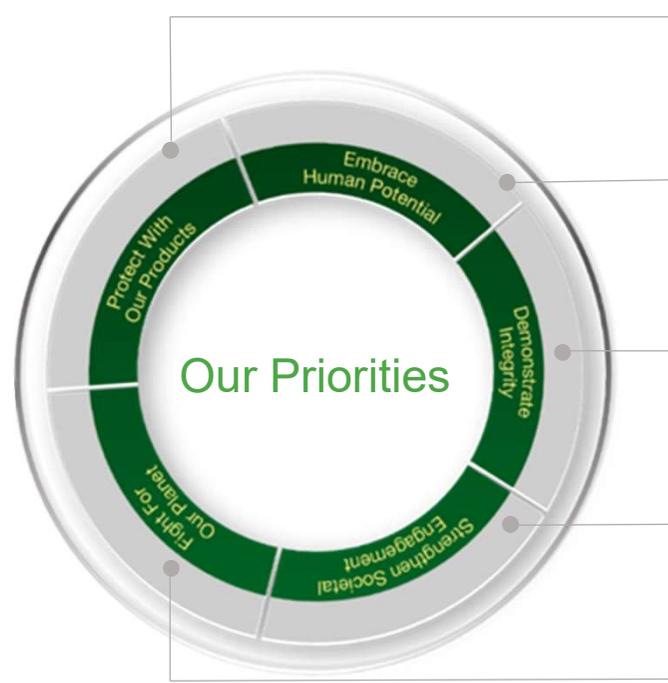
(1) Book-to-Bill ratio is defined as order intake / reported revenue for the relevant period. (2) Adjusted EBITDA is defined as EBIT adjusted for depreciation and amortization (including non-recurring effects on earnings from purchase price allocations), as well as certain non-recurring effects relating to transaction costs, separation 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.

HENSOLDT is a “true defence” company with a strong focus on ESG

OUR PURPOSE

We at HENSOLDT exist to pioneer technologies and human potential that promote the protection of all kind of species worldwide.

Our activities shall serve the higher purpose of securing the freedom and future of our planet, our nature and our lives.



Protect With Our Products

We strive to protect the nations with our sensor solutions and electronics portfolio to foster the security and resilience of our society.

Embrace Human Potential

We recognize our employees as our most valuable asset. Our goal is to enhance a culture of life-long learning and offer opportunities to the generation of tomorrow.

Demonstrate Integrity

We seek responsible leadership and are keen to anchor our culture of Integrity and honesty through strong corporate values and principles.

Strengthen Societal Engagement

We foster relationships of the local communities. Transparency and communication shall encourage a collaborative atmosphere and strengthen society's trust.

Fight For Our Planet

We aim to reduce the environmental Impact of our operations, promote alternative energies and contribute to combat the world's climate challenges.

HENSOLDT takes action to foster sustainability

People

- Support of local communities, education and development of our society
- Diversity and equal opportunities at all levels of the organization (Elevate, Initiative Chefsache)
- Personal and career development to leverage our human potential (iLead, Women's bursary program South Africa)
- Activities at universities and on social media to attract the pioneers of tomorrow

Planet

- 100% **Green electricity** at German sites
- **Mobility Concept** promoting hybrid and electric vehicles
- Alternative energies from solar power or **hydrogen**
- **Wildlife** Protection

Performance

- Comprehensive **compliance program** implemented
- Strong **export control processes** in place to ensure HENSOLDT products are not used for abuse of human rights
- Identification of non-financial risks and opportunities integrated into ERM
- Around 16% of revenues are **non-defence** related

ESG parameters account for 30% of management's LTIP

Environmental Targets 2024

- Increase of Renewable Energies up to 70%
- Reduction of CO2 Emissions by 20%
- Reduction of VOC (volatile organic compounds) by 20%

Diversity Targets 2024

- Women in Leadership Team: 25%
- Women in Executive Committee: 35%
- Women among Experts: 10%

Achievements

- Materiality Assessment 2020 according to GRI and SASB
- Holistic **sustainability program** following multinational frameworks
- Group-wide sustainability data management and reporting tool
- Sustainability Governance and ESG Committee
- Definition of ESG Targets 2024 Germany

Ambitions

- Sustainability to be fully anchored in our corporate culture
- Publication of Group Sustainability Report in 04/2021
- Development of HENSOLDT climate strategy
- Participation in ESG Ratings and Sustainability Indices

IR Contacts

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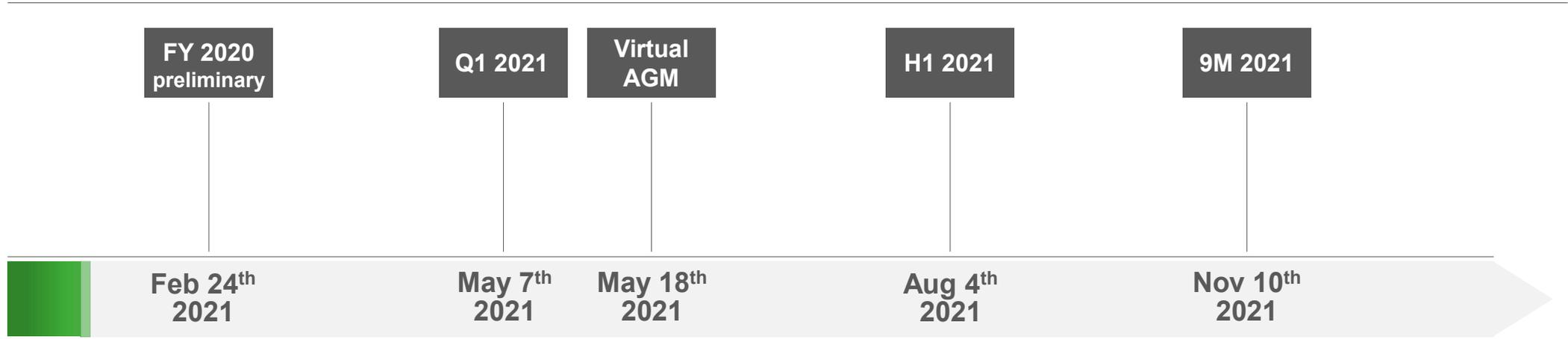
HENSOLDT share

- **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

Upcoming IR events*



* Dates might be subjected to changes

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