

HENSOLDT

3M 2023 Results – Analyst & Investor Presentation

Taufkirchen, 9th of May 2023

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Detect and Protect.

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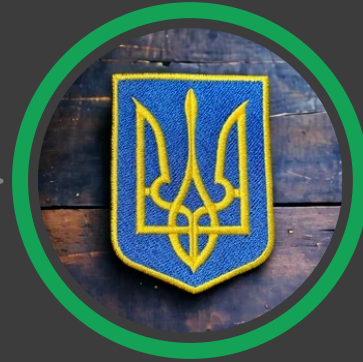
Business Update

Update on strategic topics



Structural changes in German MoD

More focus on operational capabilities and acceleration of procurement processes



German Government increased budget for military support for Ukraine by €12bn to €15bn

Opportunities for further TRML-4D and self-protection



New NATO member Finland
NATO summit will take place in June

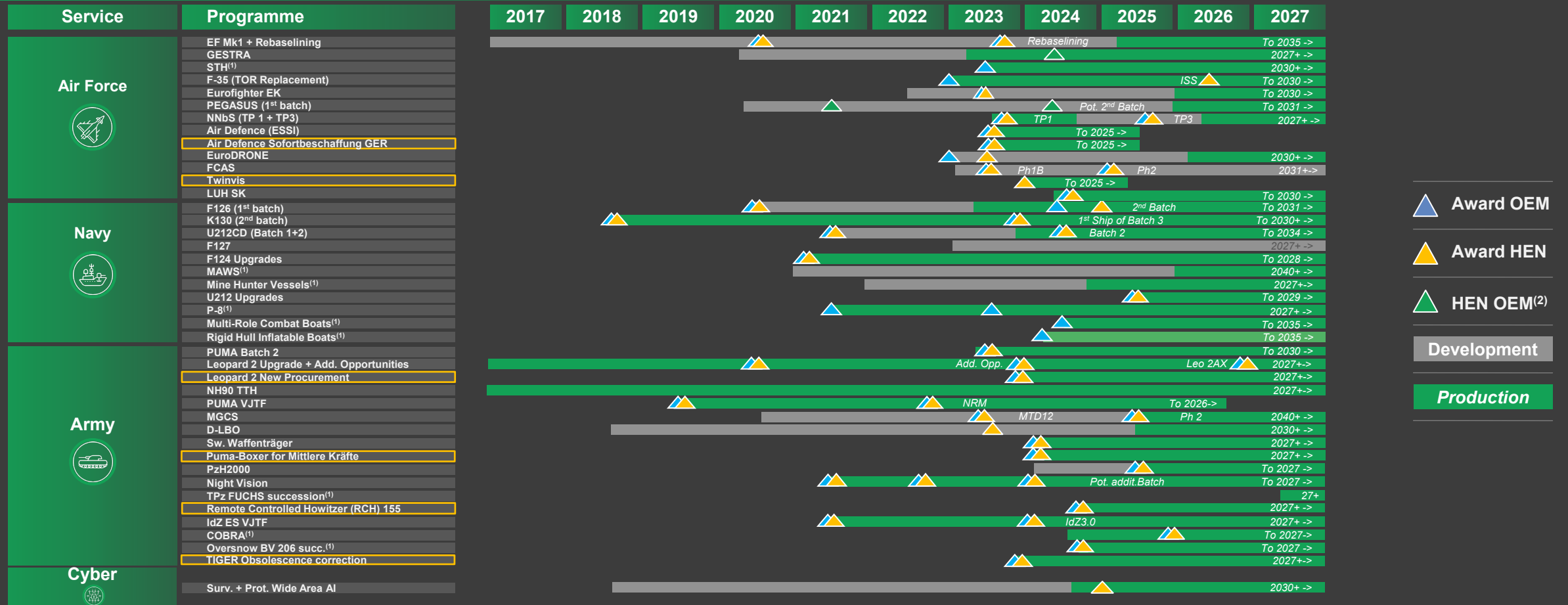
Pressure to increase spending target to above 2% of GDP



Appointment of Oliver Dörre as new CEO as of April 2024 announced

Transition of Management Board concluded

HENSOLDT set to benefit from upcoming German programs



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

HENSOLDT is well positioned to serve all force categories of the German Army



Leichte Kräfte
Light Forces

Sights

Scopes

Fire Control Systems



Mittlere Kräfte
Medium Forces

Optronics for PUMA turret

Driver sights

SETAS

MUSS



Schwere Kräfte
Heavy Forces

Peri 17 A3 Gyrostabilized commander periscope

ATTICA GL Gunner thermal camera

SPECTUS multispectral sight for driver

SETAS

MUSS

Update on top orders for 2023



Orders booked in 3M



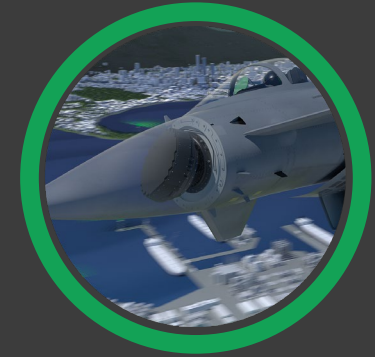
First orders **Sights for PUMA**
Leopard 2 for Norway and Sweden
TRML-4D for Ukraine



Near-term expected orders



Further **TRML-4D** for Ukraine
Self-protection system



Top orders to come



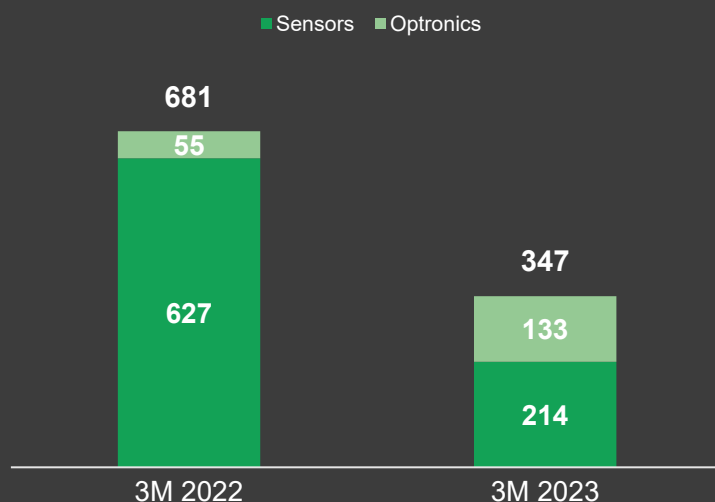
Eurofighter Radar Business
Radars for German air defence system
PUMA 2nd batch
Optronics for **Leopard** Germany

Financials

3M 2023 – strong performance in top line

in €m

Order intake in line with expectations

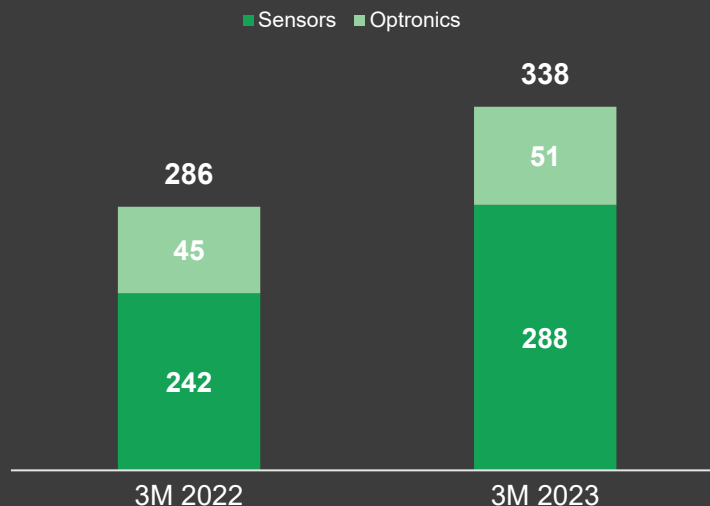


Order intake^{(1) (3)}

Order intake driven by Optronics division with orders for PUMA and Leopard 2 tanks

Previous year included F-126 and C3 Service Contract for Eurofighter with a volume of > €400m

Execution fully on track

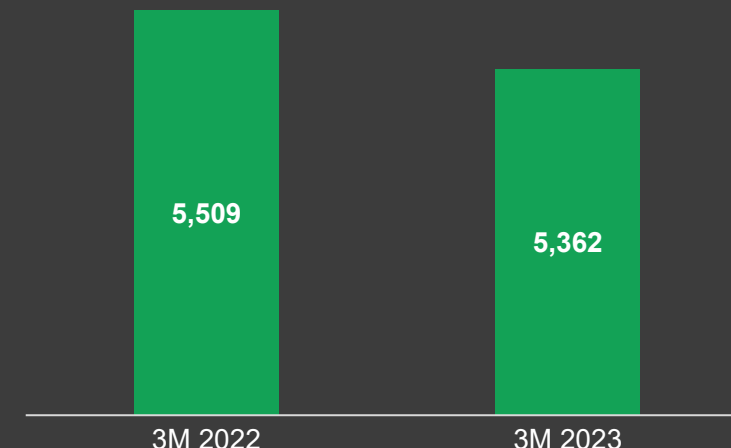


Revenue⁽³⁾

Double-digit growth rates in both segments

Key projects develop as planned but also sustainable growth in baseline business

Order backlog remains on high level



Order backlog⁽²⁾

Book-to-bill ratio at 1.0x per 3M 2023

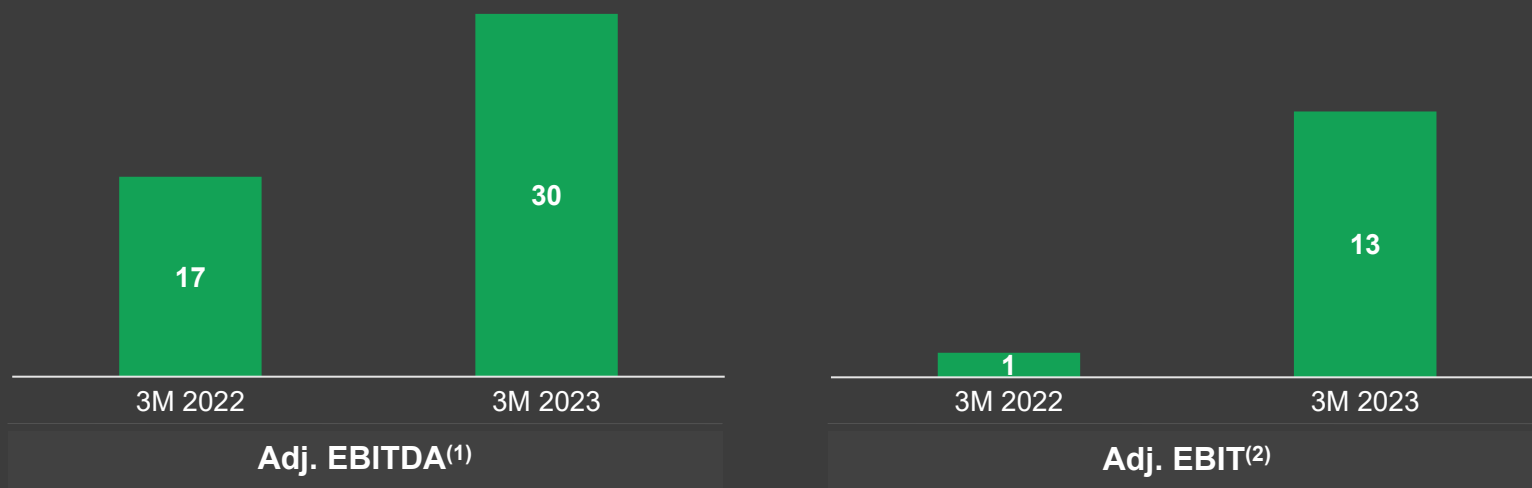
Strong order backlog provides excellent visibility

(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. (3) The sum of the segments does not correspond to the total due to elimination/transversal/other items.

3M 2023 – bottom line follows excellent top line development

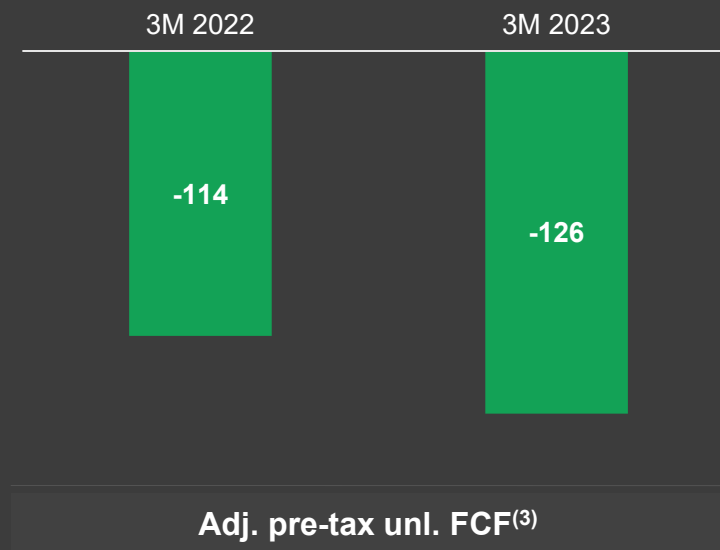
in €m

Further increase of profitability



Profitability is driven by higher volumes strongly supported by a consequent cost management

Investment in Working Capital as planned



Driven by investments in working capital and further pre-contract costs to secure increase of production rate for e.g. TRML-4D, Spexer Radars and combat and reconnaissance vehicles

(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.

Short and mid term guidance confirmed

	2023 target ⁽⁶⁾	Medium term target ⁽⁶⁾
Book-to-bill ratio⁽¹⁾ / Order intake	1.1x - 1.2x	Orders to grow significantly faster than revenue
Revenue growth	7% - 10% with stronger growth in revenue excl. pass-through	10%⁽⁵⁾ 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) predated Russian war against Ukraine and announcement special fund by German Government. (6) excluding material M&A.

HENSOLDT on track

Achievements

- Strong order backlog of €5.4bn
- Optronics with growing top line
- Efficient project execution
- Strong profitability

➔ **FY 2023 guidance confirmed for all KPIs**

Outlook

- First orders from special fund received
- Further orders for military support for Ukraine expected short-term
- Continuing close exchange with German customer
- Smooth and sustainable growth in front of us, but backloaded

➔ **HENSOLDT strongly positioned for upcoming growth**

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Q&A session

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Financial Section

Consolidated Income Statement

in € million	First three months	
	2023	2022
Revenue	338	286
Cost of sales	-278	-241
Gross profit	60	45
Selling and distribution expenses	-27	-26
General administrative expenses	-23	-20
Research and development costs	-8	-8
Other operating income	3	4
Other operating expenses	-4	-4
Earnings before finance result and income taxes (EBIT)	2	-10
Interest income	4	2
Interest expense	-19	-12
Other finance income / costs	-5	3
Finance result	-20	-7
Earnings before income taxes (EBT)	-17	-16
Income taxes	-3	-0
Group result	-20	-17
<i>thereof attributable to the owners of HENSOLDT AG</i>	-20	-16
<i>thereof attributable to non-controlling interests</i>	-0	-1

Consolidated Statement of Financial Position – Assets

in € million	As at	
	3M 2023	YE 2022
Non-current assets	1,338	1,335
Goodwill	658	658
Intangible assets	385	384
Property, plant and equipment	125	121
Right-of-use assets	136	140
Investments and other financial assets ⁽¹⁾	25	23
Other non-current assets	2	2
Deferred tax assets	8	6
Current assets	1,537	1,644
Other ⁽²⁾	24	30
Inventories	579	516
Contract assets	218	182
Trade receivables	282	323
Other current assets	124	133
Cash and cash equivalents	310	460
Total assets	2,875	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	
	3M 2023	YE 2022
Share capital	105	105
Capital reserve and other reserves	544	554
Retained earnings	-75	-55
Equity held by shareholders of HENSOLDT AG	574	604
Non-controlling interests	11	13
Equity, total	585	616
Non-current liabilities	1,175	1,160
Non-current provisions	302	282
Non-current financing liabilities ⁽¹⁾	620	621
Non-current contract liabilities	14	11
Non-current lease liabilities	136	140
Other non-current liabilities	10	11
Deferred tax liabilities	94	94
Current liabilities	1,115	1,203
Current provisions	187	181
Current financing liabilities ⁽²⁾	19	16
Current contract liabilities	427	488
Current lease liabilities	19	18
Trade payables	361	379
Other current liabilities	85	101
Tax liabilities	17	19
Total equity and liabilities	2,875	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 three months	
	2023	2022
Group result	-20	-17
Depreciation and amortisation	25	25
Financial expenses (net)	13	8
Change in		
Provisions	26	8
Inventories	-60	-50
Contract balances	-94	-74
Trade receivables	39	56
Trade payables	-18	-15
Other assets and liabilities	-17	-31
Interest paid	-7	-9
Income tax payments (-) / refunds (+)	-4	-2
Other ⁽¹⁾	-2	-3
Cash flows from operating activities	-118	-104
Acquisition / addition of intangible assets and property, plant and equipment	-25	-22
Acquisition of associates, other investments and other non-current financial assets	-3	-1
Acquisition of subsidiaries net of cash acquired	0	-
Other ⁽²⁾	0	-0
Cash flows from investing activities	-27	-23

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

(2) Includes Proceeds from sale of intangible assets and property, plant and equipment and Other cash flows from investing activities.

Consolidated Statement of Cash Flow (2/2)

in € million	First three months	
	2023	2022
Cash flows from operating activities	-118	-104
Cash flows from investing activities	-27	-23
Change in other financing liabilities	-0	-0
Payment of lease liabilities	-5	-5
Cash flows from financing activities	-5	-5
Effects of movements in exchange rates on cash and cash equivalents	0	1
Net changes in cash and cash equivalents	-150	-131
Cash and cash equivalents		
Cash and cash equivalents on 1 January	460	529
Cash and cash equivalents on 31 March	310	398

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

in € million	First three months	
	2023	2022
Order intake	347	681
Sensors	214	627
Optronics	133	55
Elimination/Transversal/Others	-1	-2
Revenue	338	286
Sensors	288	242
Optronics	51	45
Elimination/Transversal/Others	-1	-1
Adjusted EBITDA⁽¹⁾	30	17
Sensors	35	20
Optronics	-5	-3
Elimination/Transversal/Others	-	0

(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 three months	
	2023	2022
EBIT	2	-10
(+) Depreciation	11	11
(+) Amortisation	14	14
EBITDA	27	15
(+) OneSAPnow-related non-recurring effects	1	–
(+) Other non-recurring effects	2	2
Adjusted EBITDA	30	17

EBIT adjustments in € million	First three months	
	2023	2022
EBIT	2	-10
(+) Effect on earnings from purchase price allocations	8	9
<i>thereof intangible assets</i>	8	9
<i>thereof property, plant and equipment</i>	0	0
(+) OneSAPnow-related non-recurring effects	1	–
(+) Other non-recurring effects	2	2
Adjusted EBIT	13	1

Reconciliation of reported to adjusted pre-tax unlevered FCF

in € million	First three months	
	2023	2022
Cash flows from operating activities	-118	-104
Cash flows from investing activities	-27	-23
Free cash flow	-145	-127
(+) OneSAPnow-related non-recurring effects	1	-
(+) Other non-recurring effects	4	2
(+) Interest ⁽¹⁾ , income taxes ⁽²⁾ and M&A-activities ⁽³⁾	13	12
Adjusted pre-tax unlevered free cash flow	-126	-114
Cash flows from financing activities	-5	-5

(1) Defined as 'Interest paid' (including interest on lease liabilities) 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' and 'Other cash flows from investing activities' as reported in the Consolidated Statement of Cash Flows.

Reconciliation of reported to adjusted net income

in € million	First three months	
	2023	2022
Group result	-20	-17
(+) Effect on earnings from purchase price allocations	8	9
(+) OneSAPnow-related non-recurring effects	1	–
(+) Other non-recurring effects	2	2
Adjusted net income pre-tax adjustment	-9	-6
(+) Tax adjustments ⁽¹⁾	-3	-3
Adjusted net income	-12	-9

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

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Back-up

Upcoming IR events*



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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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