

The background of the slide is a grayscale aerial 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 with several ships is in the foreground. The overall tone is professional and military-oriented.

HENSOLDT

9M 2020 Analyst and Investor Presentation

Taufkirchen, 10. November 2020

Thomas Müller, CEO

Axel Salzmann, CFO

Detect and Protect.

HENSOLDT

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A unique high growth defence and security investment proposition



Source: Company information, RSAdvisors. (1) Sensor solutions comprise c.100% of group revenues. (2) Based on being the "key sensor technology provider for the German government" (as per RSAdvisors). (3) Reflects self-funded R&D investment in 2019A including R&D costs and additions to capitalized development costs. (4) Reflects 2019A revenue distribution for HENSOLDT based on end-customer. (5) Firm and soft order backlog coverage for 9M 2020, calculated as firm and soft order backlog as of September 30, 2020 plus expected order intake volume (given recent budget approvals, partial budget approvals, budget committee endorsements, and pricing incentives) until 2022, divided by revenue for the twelve months ended September 30, 2020 ("LTM 9M 2020" revenue). Firm 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. (6) Calculated as a percentage of revenue. (7) Pipeline is defined as total identified opportunities open for tender based on management estimates of total value of contracts addressable over 2021-2023E (unadjusted for win probabilities for HENSOLDT). €10bn pipeline including some of the recurring short cycle / aftersales business.

HENSOLDT is fully on track



Successful IPO



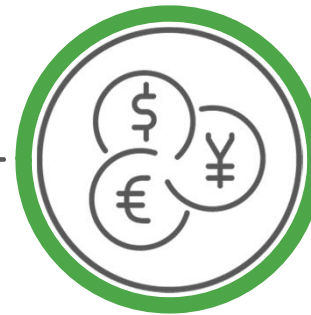
- Supporting HENSOLDT's ambitious plans to drive profitable growth
- Strengthening of balance sheet



Order Backlog at record level of €3.4bn



- Milestone contract for EF MK1 radar booked in June with a volume of €1.4bn
- Additional major orders approved by German Parliament
- ~ €10bn pipeline of opportunities



Efficiency gains contribute to industry-leading margins



- HENSOLDT GO! Wave 2 implemented with focus on continuous cost improvements and end-to-end working capital efficiency
- Significant investments into R&D



Continued evolution into a global company



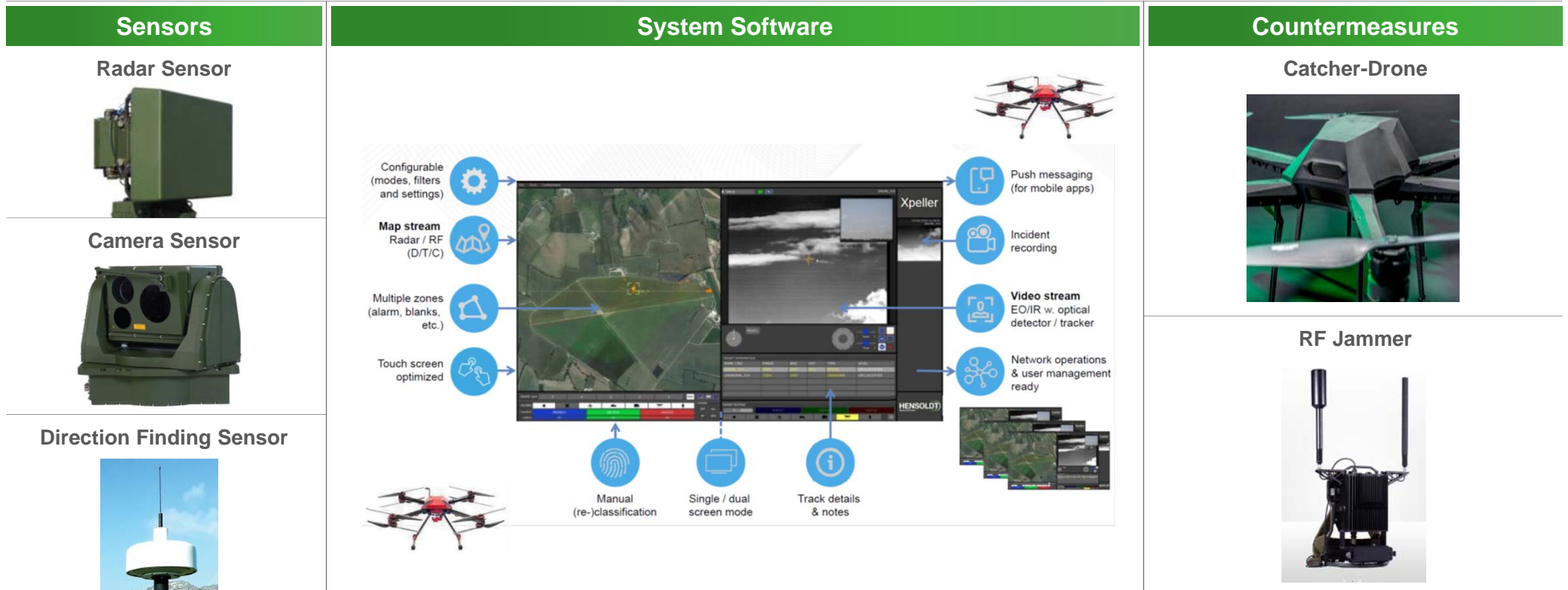
- Tellumat acquisition signed complementing Radar portfolio (closing expected 12/2020)
- Expanding footprint in Africa



We continue to strengthen our position as a technology leader

Radar/IFF/COMMS	<ul style="list-style-type: none">▪ First milestone MK1 successfully passed▪ First series production of non-rotating IFF system installed on the Norwegian Customer Frigate▪ First frigate equipped with a full Radar Sensor package (navigation, surveillance, IFF)	3rd quarter highlights
Spectrum Dominance & Airborne Solutions	<ul style="list-style-type: none">▪ Kalaetron AI-based radar warning receiver successfully tested▪ Counter-drone sensor package contracted for protection of GAF Forward Operating Bases	
Customer Services	<ul style="list-style-type: none">▪ Nordic service contract signed with a run time of 9 years▪ Proposal for a multiyear follow-on Eurofighter service contract initiated	
Optronics	<ul style="list-style-type: none">▪ 150th system of final focus metrology delivered▪ First significant order from the U.S. for M1 ABRAMS Laser Range Finder upgrade received	

Accessing new markets by smartly combining existing sensors



A step-changing year for HENSOLDT

HENSOLDT fully on track with **all KPIs above 2019** level

A firm order backlog of €3.4bn is a strong **base for sustainable growth in future**

Milestone contracts as a prime contractor underline HENSOLDT's position as a **trusted partner for its customers**

HENSOLDT is and stays at the **edge of technology**

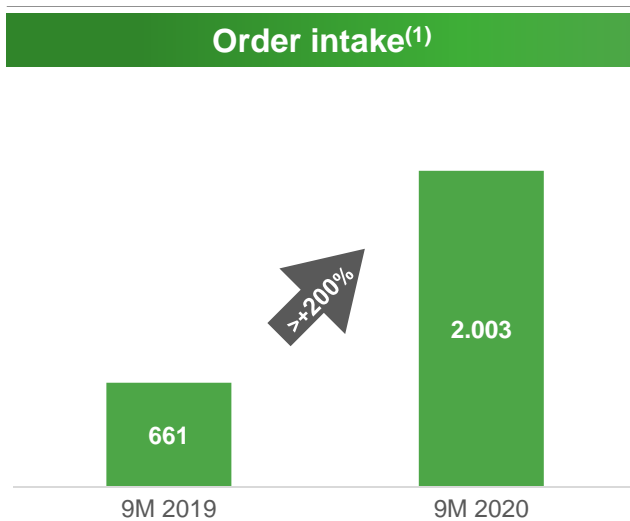
The successful integration of five acquisitions has turned HENSOLDT into a **company with a global footprint**

HENSOLDT is well positioned to benefit from sustainable growth momentum in defence industry

9M 2020 - Financial highlights (1/2)

in €m

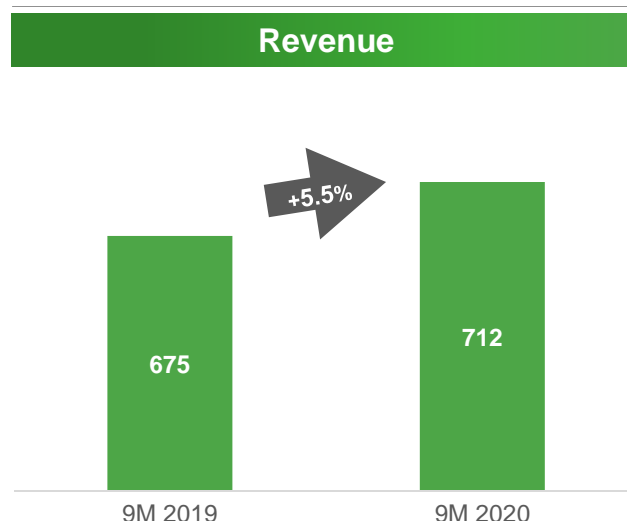
Order intake⁽¹⁾



Biggest order in HENSOLDT's history

Step change in order intake following the Eurofighter MK1 radar contract signing

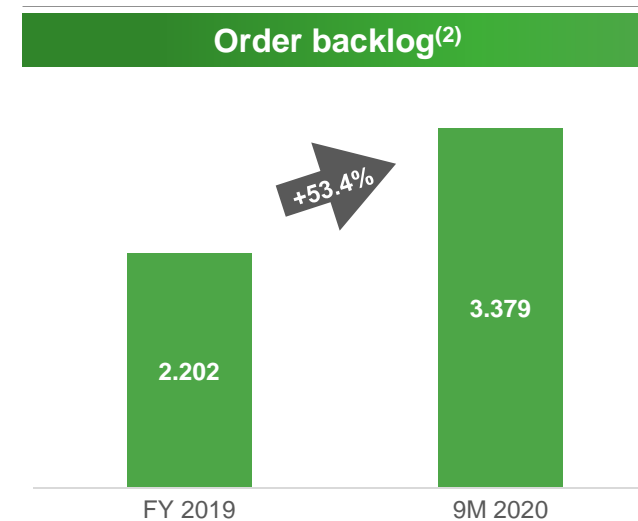
Revenue



Effective contract execution

Sustainable growth continues

Order backlog⁽²⁾



Order backlog at record level

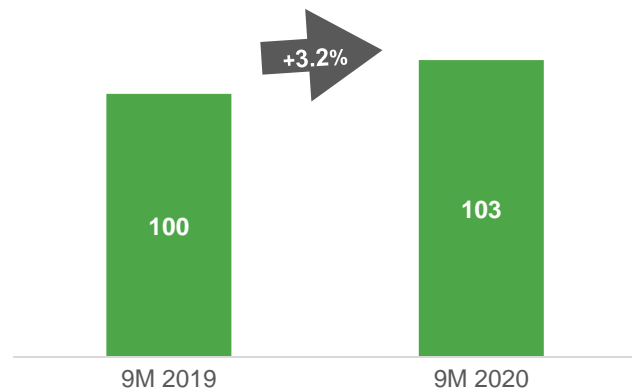
Firm order backlog at €3.4m covering guided revenues ~3x

(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.

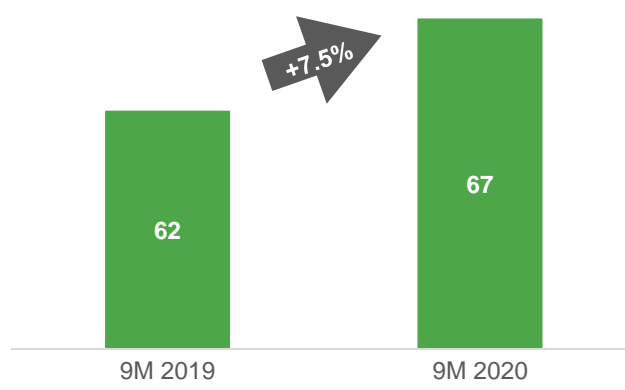
9M 2020 - Financial highlights (2/2)

in €m

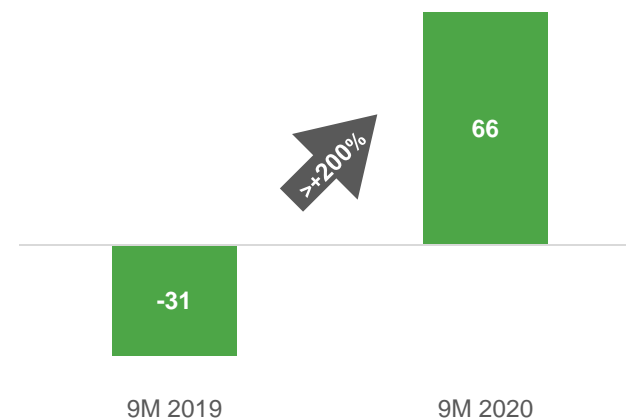
Adj. EBITDA⁽¹⁾



Adj. EBIT⁽²⁾



Adj. pre-tax unl. FCF⁽³⁾



Margin⁽⁴⁾

14.8%

14.4%

9.2%

9.4%

Sustained profitability

Adj. EBIT / EBITDA benefit from higher volumes and an efficient project execution partly offset by higher functional costs to drive future growth

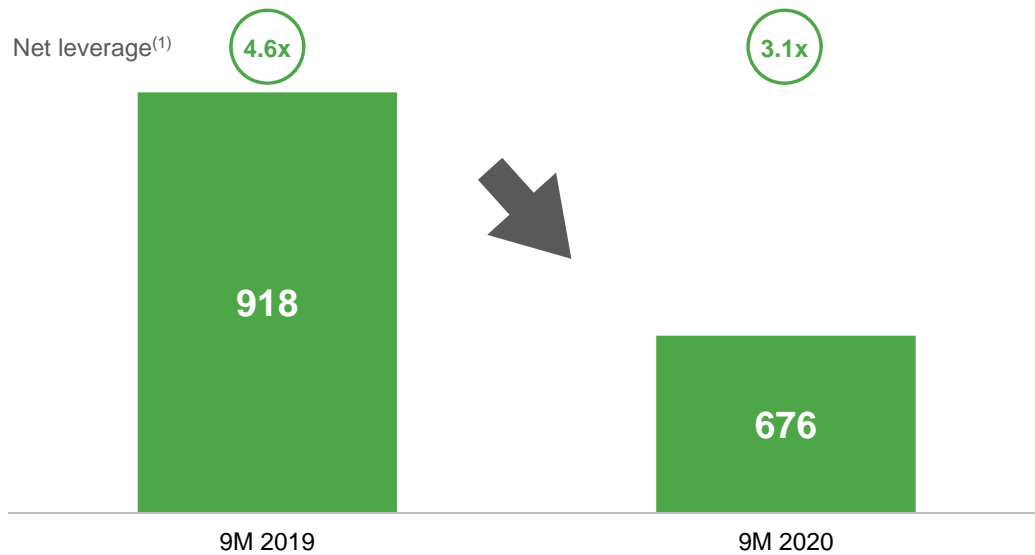
Strong operative cash flow generation

Liquidity position strengthened by an improved cash conversion (>65%)

(1) 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, and other non-recurring effects. (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, 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. (4) Calculated as a percentage of reported revenue.

Significant deleveraging

Net debt (€m)



Re-financing **successful**

Capital costs reduced by 100 bps

Strong operative cash flow generation

Deleveraging develops as planned

(1) Net debt excluding pension liabilities.

Key take aways

HENSOLDT is fully on track in all KPIs

HENSOLDT confirms overall guidance in all KPIs

Growth in both top and bottom line

High profitability due to efficient project execution

Improved liquidity due to strong cash flow generation and **significant deleveraging** since IPO

Business develops as planned

IR Contacts

Contact

- **Contact:**
Veronika Zimmermann
Julia Szeszat
- **Phone:**
+49 89 51518 2499
- **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

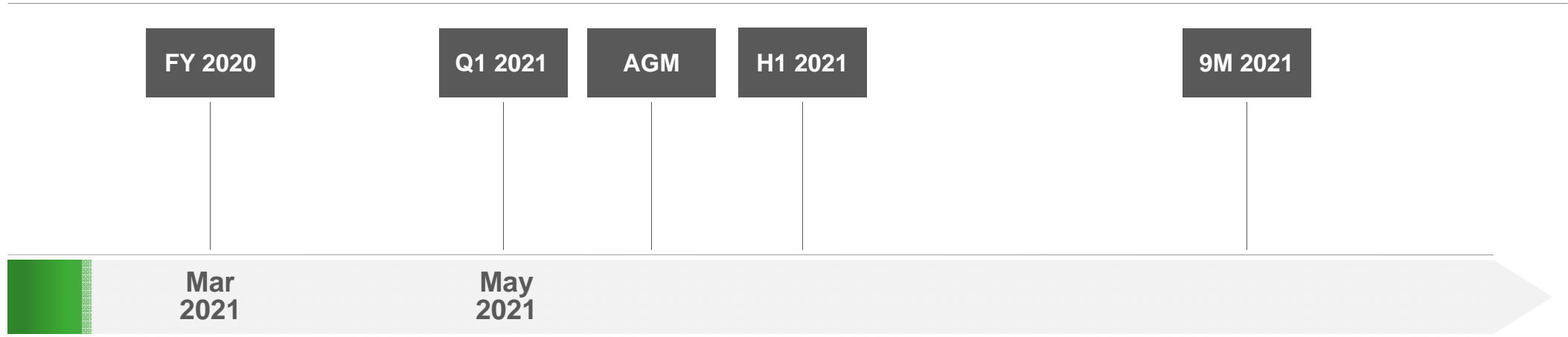
Reports

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



Detect and Protect.

Upcoming IR events



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, a helicopter, and a smaller jet. The city skyline is visible in the middle ground, and the harbor is filled with various ships and industrial structures. The overall tone is serious and professional.

HENSOLDT

Financial Section

Consolidated Income Statement

€m	First 9 Months	
	2020	2019
Revenue	712.1	675.2
Cost of sales	(568.3)	(544.3)
Impairment losses (-) / reversal of impairment losses (+) on trade receivables and contract assets	2.0	0.6
Gross profit	145.7	131.5
Selling and distribution expenses	(64.5)	(59.4)
General administrative expenses	(64.2)	(47.8)
Research and development costs	(19.4)	(27.0)
Other operating income	14.4	20.7
Other operating expenses	(18.3)	(17.6)
Share of profit / loss from investment accounted for using the equity method	(2.6)	(0.9)
Earnings before finance result and income taxes (EBIT)	(8.8)	(0.5)
Interest income	2.4	40.5
Interest expense	(126.4)	(63.8)
Other finance income / costs	(9.2)	(2.3)
Finance result	(133.2)	(25.5)
Earnings before income taxes	(141.9)	(26.0)
Income taxes	23.9	(8.2)
Consolidated loss	(118.0)	(34.3)
<i>thereof attributable to the owners of HENSOLDT AG</i>	(117.7)	(34.7)
<i>thereof attributable to non-controlling interests</i>	(0.4)	0.4

Consolidated Statement of Cash Flow

€m	First 9 months	
	2020	2019
Loss for the period	(118.0)	(34.3)
Depreciation and amortization	87.7	91.7
Finance cost (net)	119.7	20.6
Change in net working capital ⁽¹⁾	63.7	(72.2)
Interest paid	(36.5)	(34.2)
Income tax expense	(23.9)	8.2
Other ⁽²⁾	(5.7)	(2.5)
Transaction costs on refinancing	(14.9)	-
Cash flows from operating activities	72.1	(22.7)
Acquisition of intangible assets and property, plant and equipment	(70.3)	(56.1)
Acquisition of associates, other investments and other non-current investments	(5.9)	(3.3)
Disposal of associates, other investments and other non-current investments	0.1	1.7
Acquisition of subsidiaries net of cash acquired	4.0	0.0
Other	0.2	0.0
Cash flows from investing activities	(71.8)	(57.6)
Proceeds / repayment of financial liabilities ⁽³⁾	31.3	31.1
Payment of lease liabilities	(10.5)	(7.9)
Issue of shares	300.0	-
Transaction cost related to issue of equity	(6.0)	-
Other ⁽⁴⁾	-	(0.2)
Cash flows from financing activities	314.9	23.0
Effects of movements in exchange rates on cash and cash equivalents	(5.1)	0.0
Other changes	(2.1)	-
Net changes in cash and cash equivalents	307.9	(57.2)
Cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	137.4	227.6
Cash and cash equivalents at end of period	445.3	170.3

(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) includes Repayment of financing liabilities to banks, Proceeds from financing liabilities to banks and Proceeds/repayment of other financing liabilities (4) dividend payments to non-controlling interests.

Consolidated Statement of Financial Position – Assets

€m	As at	
	9M 2020	YE 2019
Non-current assets	1,324.3	1,402.2
Goodwill	635.1	646.8
Intangible assets	388.8	403.3
Property, plant and equipment	100.5	92.9
Right-of-use assets	145.3	154.9
Investments and other financial assets ⁽¹⁾	14.2	69.1
Other non-current assets	4.9	4.9
Deferred tax assets	35.4	30.4
Current assets	1,401.1	1,051.4
Other ⁽²⁾	18.0	11.9
Inventories	468.7	411.1
Contract assets	184.2	165.9
Trade receivables	188.9	290.8
Currents assets	96.0	34.3
Cash and cash equivalents	445.3	137.4
Total assets	2,725.3	2,453.6

(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	
	9M 2020	YE 2019
Share capital	105.0	10.0
Capital reserve and other reserves ⁽¹⁾	529.2	347.0
Retained earnings	(333.4)	(215.8)
Equity held by shareholders of HENSOLDT Holding	300.8	141.2
Non-controlling interests	10.3	13.6
Equity, total	311.1	154.8
Non-current liabilities	1,231.4	1,517.9
Non-current provisions	453.4	413.6
Non-current financing liabilities ⁽²⁾	593.3	887.9
Non-current contract liabilities	20.1	16.3
Non-current lease liabilities	141.1	147.5
Other non-current liabilities	6.3	7.7
Deferred tax liabilities	17.2	44.8
Current liabilities	1,182.9	780.9
Current provisions	159.8	185.1
Current financing liabilities ⁽³⁾	372.9	29.7
Current contract liabilities	399.3	317.1
Current lease liabilities	13.7	13.0
Trade payables	175.4	168.8
Other current liabilities	61.4	67.1
Tax liabilities	0.3	0.1
Total equity and liabilities	2,725.3	2,453.6

(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 9 months	
	2020	2019
Cash flows from operating activities	72.1	(22.7)
Cash flows from investing activities	(71.8)	(57.6)
Free cash flow	0.3	(80.3)
(+) Non-recurring effects ⁽¹⁾	26.1	11.7
(+) Interest ⁽²⁾ , income tax ⁽³⁾ and M&A-activities ⁽⁴⁾	39.3	37.2
Adjusted pre-tax unlevered free cash flow	65.7	(31.4)
Cash flows from financing activities	314.9	23.0

(1) Comprises transaction costs, separation costs and other non-recurring effects. (2) Defined as 'Interest paid' (including interest on lease liabilities) as reported in the consolidated cash flow statement. (3) Defined as 'Income taxes payments / refunds' as reported in the consolidated cash flow statement. (4) 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 9 months	
	2020	2019
Order intake	2,003.4	661.3
Sensors	1,823.9	454.2
Optronics	182.4	207.8
Elimination/Transversal/Others	(2.9)	(0.7)
Revenue	712.1	675.2
Sensors	553.6	516.4
Optronics	160.7	159.1
Elimination/Transversal/Others	(2.2)	(0.4)
Adjusted EBITDA⁽¹⁾	102.8	99.6
Sensors	82.3	75.2
Optronics	23.1	25.2
Elimination/Transversal/Others	(2.6)	(0.9)

(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, and other non-recurring effects.

Overview of EBITDA and EBIT adjustments

EBITDA adjustments (€m)		
	9M 2020	9M 2019
EBIT	(8.8)	(0.5)
(+) Depreciation	30.1	27.0
(+) Amortization	57.5	66.4
EBITDA	78.9	92.9
(+) Transaction costs	0.5	-
(+) Separation costs	0.0	(6.7)
(+) Other non-recurring effects	23.4	13.4
Adj. EBITDA	102.8	99.6

EBIT adjustments (€m)		
	9M 2020	9M 2019
EBIT	(8.8)	(0.5)
(+) Effect on earnings from purchase price allocations	51.5	55.6
<i>thereof intangible assets</i>	51.0	55.1
<i>thereof property, plant and equipment</i>	0.5	0.5
<i>thereof inventories</i>	-	-
(+) Transaction costs	0.5	-
(+) Separation costs	0.0	(6.7)
(+) Other non-recurring effects	23.5	13.7
Adj. EBIT	66.8	62.1