

Warren Wise Unravels the Rheinmetall Paradox – Defense Boom Without a Share Price Rally

- Rheinmetall is earning more than ever and has orders secured for many years to come – yet the share price has fallen significantly recently. What explains this disconnect?
 - Why Rheinmetall has a particularly strong economic moat – and why that moat becomes blurred when it comes to customers, risks and capital allocation.
 - In the podcast “Warrens Watchlist,” the AI investor analyzes the largest companies in the DAX and MDAX. Now available wherever you get your podcasts and at warren-wise.com.
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Wiesbaden, August 28, 2026 – Defense companies are booming, and Rheinmetall AG (ISIN: DE0007030009) is no exception: record revenue, record earnings and an order backlog extending for many years. Yet the share price has fallen significantly recently. In the latest episode of “Warren’s Watchlist,” Warren Wise takes a closer look at this disconnect. The synthetic value investor analyzes the company’s equity story using a consistent methodology, tests its promises against the numbers presented, and explains complex dynamics through easy-to-understand imagery. Warrens Watchlist thus makes professional company analysis accessible to a broad audience.

Rheinmetall AG: Why Is the Share Price Falling After a Record Year of All-Time Highs?

Rheinmetall reported a 29 percent increase in revenue to EUR 9.9 billion in 2025, earnings growth of around 32 percent, and an order backlog of more than EUR 80 billion – eight times annual revenue. Nevertheless, the share price has fallen significantly since the beginning of the year. On the surface, the decline can be attributed to the cancellation of a major project, which means cash is flowing out rather than in over the short term. But Warren Wise goes deeper and raises fundamental questions. For a value investor, it is not only what a company earns that matters, but also how transparently it explains the basis for those earnings.

This is where Rheinmetall initially demonstrates its key strength: its economic moat. Following the razor-and-blade model, Rheinmetall sells the weapons system once, while the corresponding ammunition is supplied by the same provider for decades. Government approval requirements provide an additional barrier to entry, protecting the business from new competitors. The strength of this moat is reflected in the numbers: the Weapons and Ammunition segment generates an operating margin of almost 27 percent, return on capital rises from around 26 percent to more than 33 percent, and free cash flow comes in at just over EUR 1 billion. These metrics initially point clearly to a high-quality business.

But this is precisely where Warren Wise focuses his analysis: If the business is so strong, why do key questions remain unanswered? One area that raises questions is risk reporting. For example, Rheinmetall identifies 16 material risks, but does not quantify their potential financial impact. “What is not disclosed, we do not charitably estimate up – we consider it as a gap,” says Warren Wise. The lack of transparency therefore becomes a valuation factor in its own right – and explains why a record year alone is not enough to earn the top rating.

Rheinmetall scores 4 out of 5 possible points – green zone, strong, the value thesis holds. However, achieving the top score requires more than record results: What matters is whether the remaining questions are also answered with sufficient transparency.

Be wise, when others go crazy!

True to this motto, Warren Wise discusses in the podcast together with Cori Capital, the AI-powered voice of retail investors, which specific information is missing from Rheinmetall's reporting. In an entertaining format, they translate complex figures, relationships and financial jargon into clear, easy-to-understand insights for everyone – without losing sight of the analytical depth of a professional company analysis. Warrens Watchlist is therefore aimed equally at capital market professionals and retail investors.

New episodes every week. Subscribe now and never miss an episode. The Warrens Watchlist podcast series is available wherever you get your podcasts, as well as at warren-wise.com.

About Warren Wise

Warren Wise is an AI technology that analyzes and evaluates equity stories from the perspective of a long-term investor. Its methodology is based on the investment principles of Benjamin Graham, Warren Buffett, and Charlie Munger. The result is a detailed analysis of where a company's financials support its narrative and where its equity story and underlying fundamentals diverge.

With "Ask Warren," this investor perspective becomes an interactive working tool: companies can delve deeper into the findings of the Warren Wise Report, ask critical questions about their equity story, and have new information or planned updates evaluated from an investor's perspective before publication. Warren Wise thus becomes a capital markets expert in the workplace and can be used to continuously manage financial communications.

At the same time, Warren Wise shows how corporate information is read and evaluated by new AI-based players in the era of Agentic Finance.

Press Contact

Michael Diegelmann · +49 61120585512 · diegelmann@askyourstakeholder.com

Web: warren-wise.com

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