

RIETER



Rieter Capital Market Day 2024

Thriving on Textile Megatrends

Thomas Oetterli, Chief Executive Officer

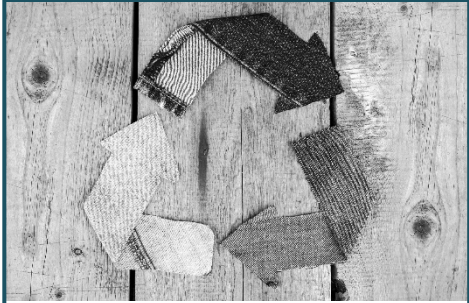


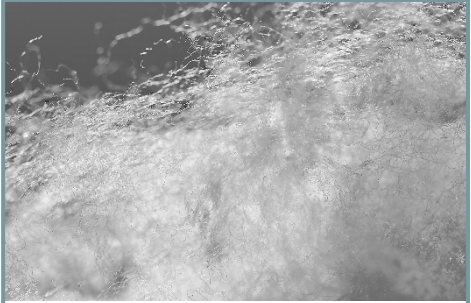








1 Our Markets

Textile Megatrends

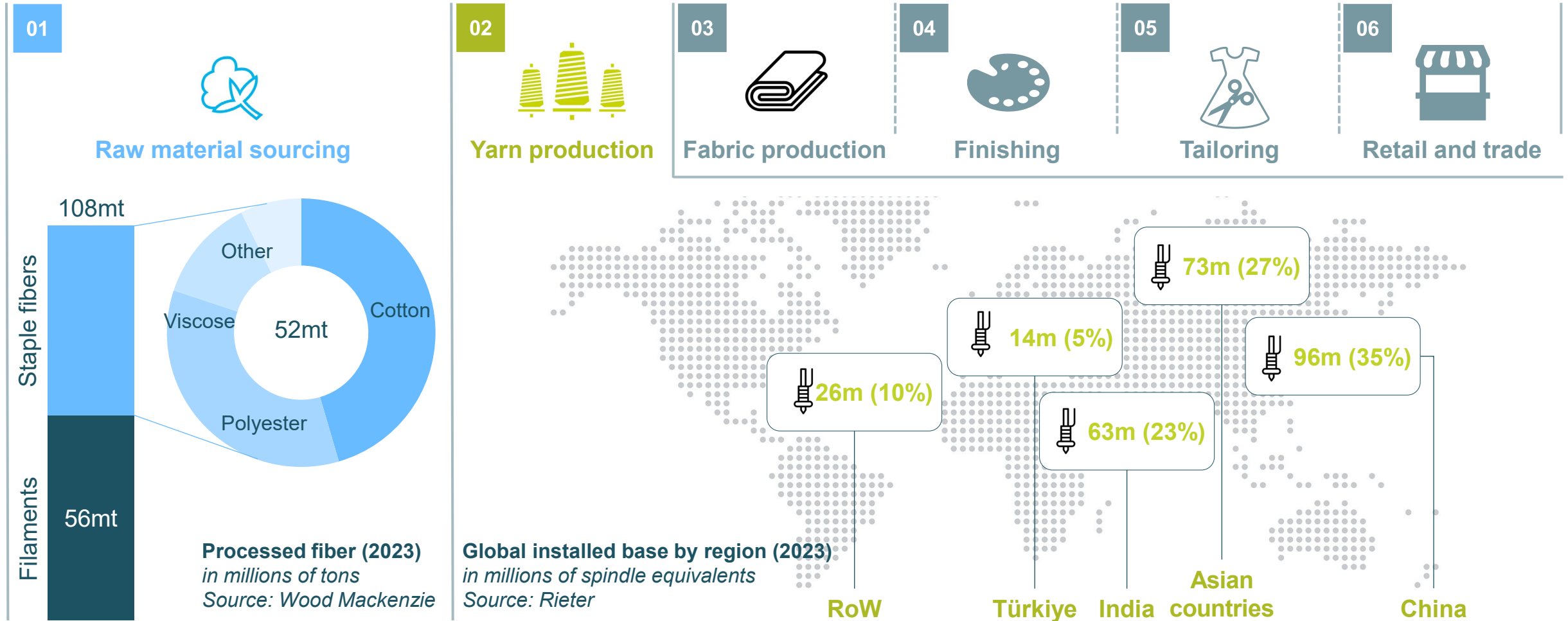


Five megatrends that drive our industry

Sustainability	Labor shortage	Digitization	Man-made fibers	Decoupling of worldwide economy
				
				
<p>Rise of recycling Energy reduction Traceability</p>	<p>Need for automation</p>	<p>Smart and connected production systems Preservation of spinning know-how</p>	<p>Technical textiles Alternative fibers</p>	<p>Product power hubs Redundancy in know-how and footprint</p>

Global Textile Landscape and Value Chain

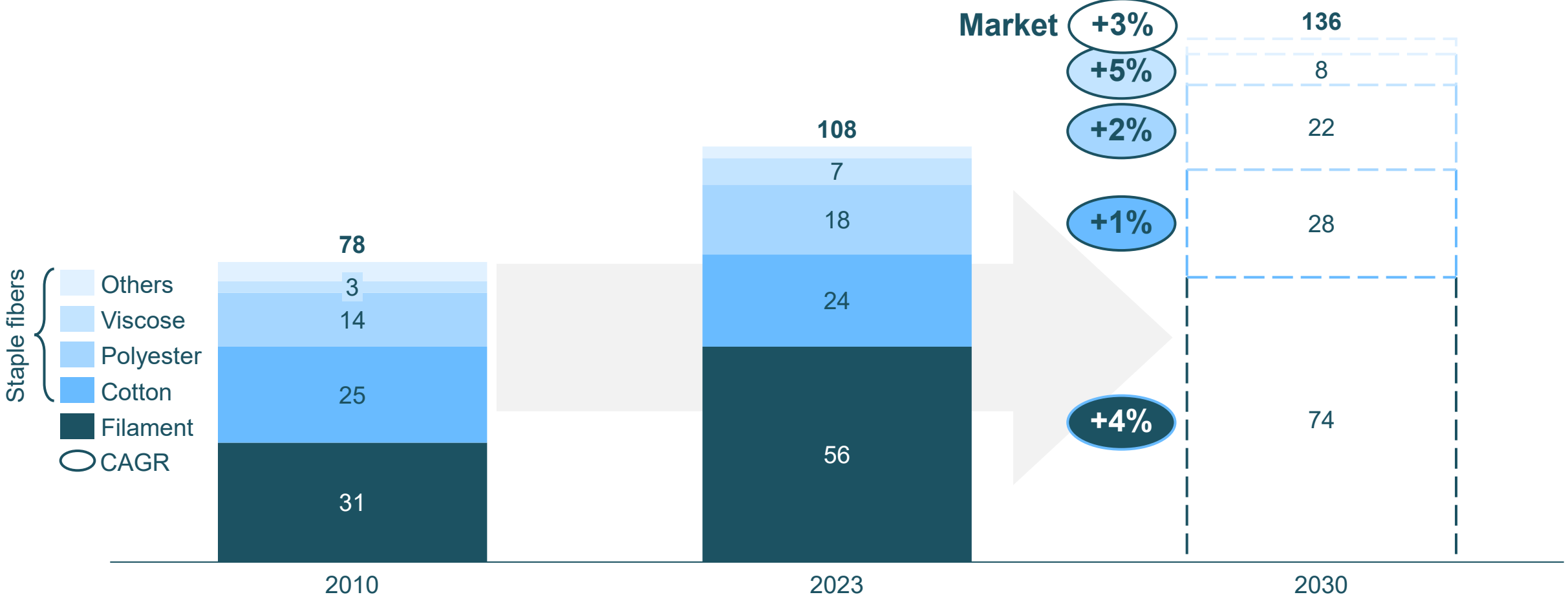
The global installed base amounts to 272 million spindle equivalents, the majority of which are located in Asia



Global Fiber Market Growth



Growth comes from man-made fibers as well as viscose and polyester within the staple fiber market



Market Segmentation

Based on existing product strengths, Rieter is carefully choosing lucrative segments of the market

Economy Segment



Opportunistic approach

Standard Segment



Attack by increasing market share
including MMF/MMF applications and
via components in filament applications

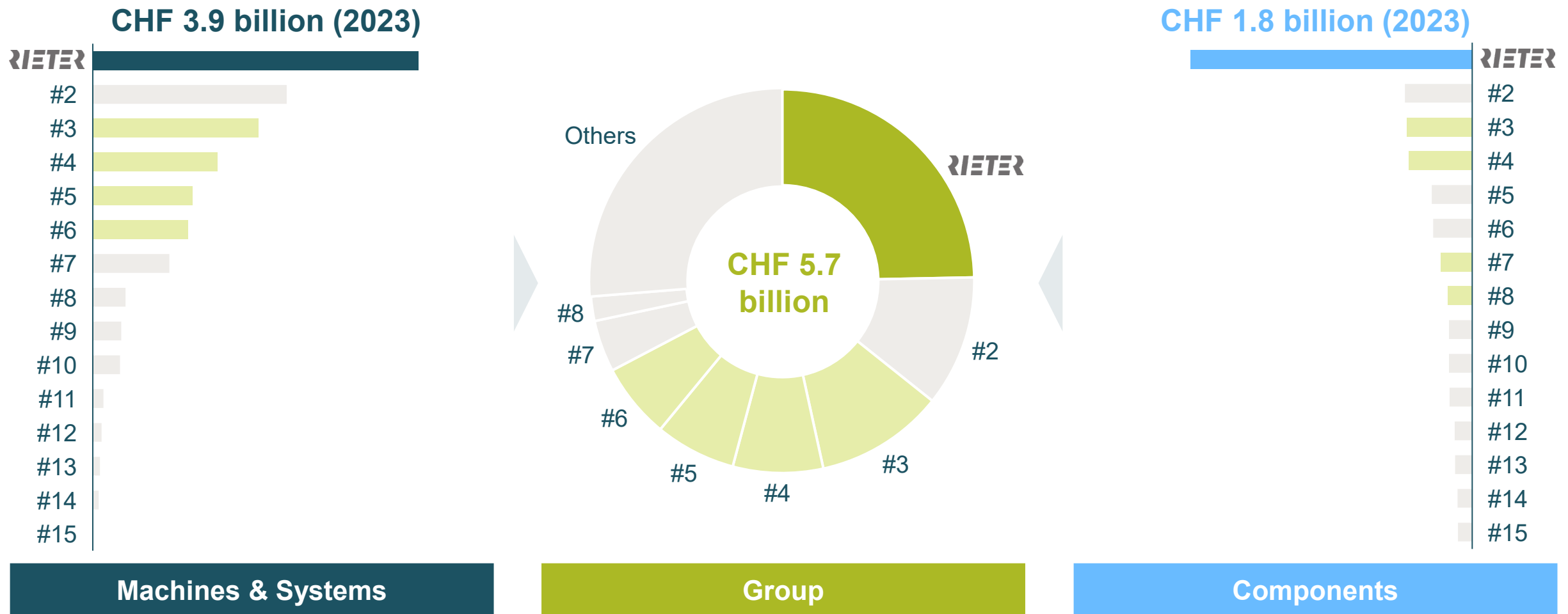
Premium Segment

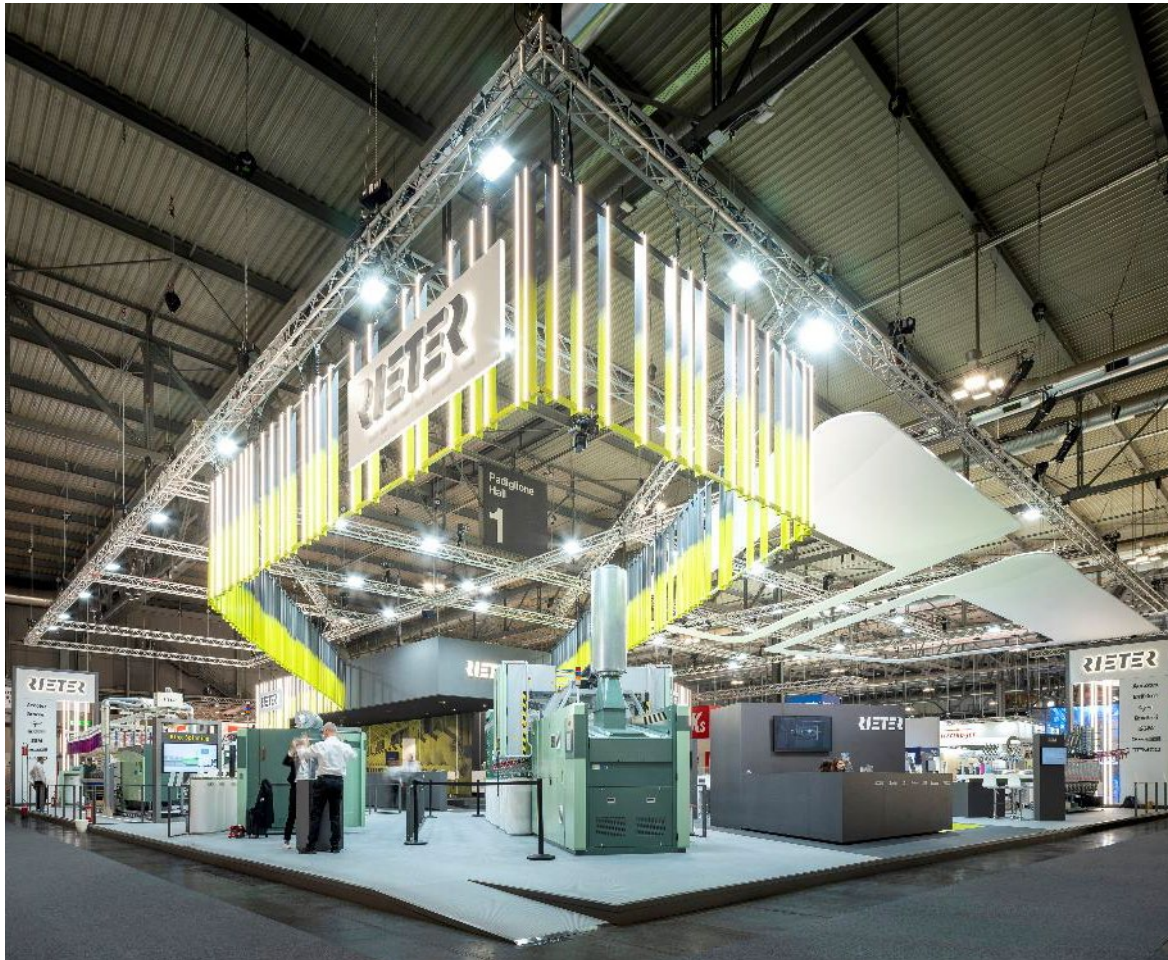


Defend leading position
including cotton/blends application
and develop mechanical recycling

Market and Technology Leadership

Rieter is the dominant player in a large market and more than double the size of its closest competitors





2 Our USP

Rieter at a Glance



The world's leading supplier of systems for short-staple fiber spinning with nearly 230 years of history



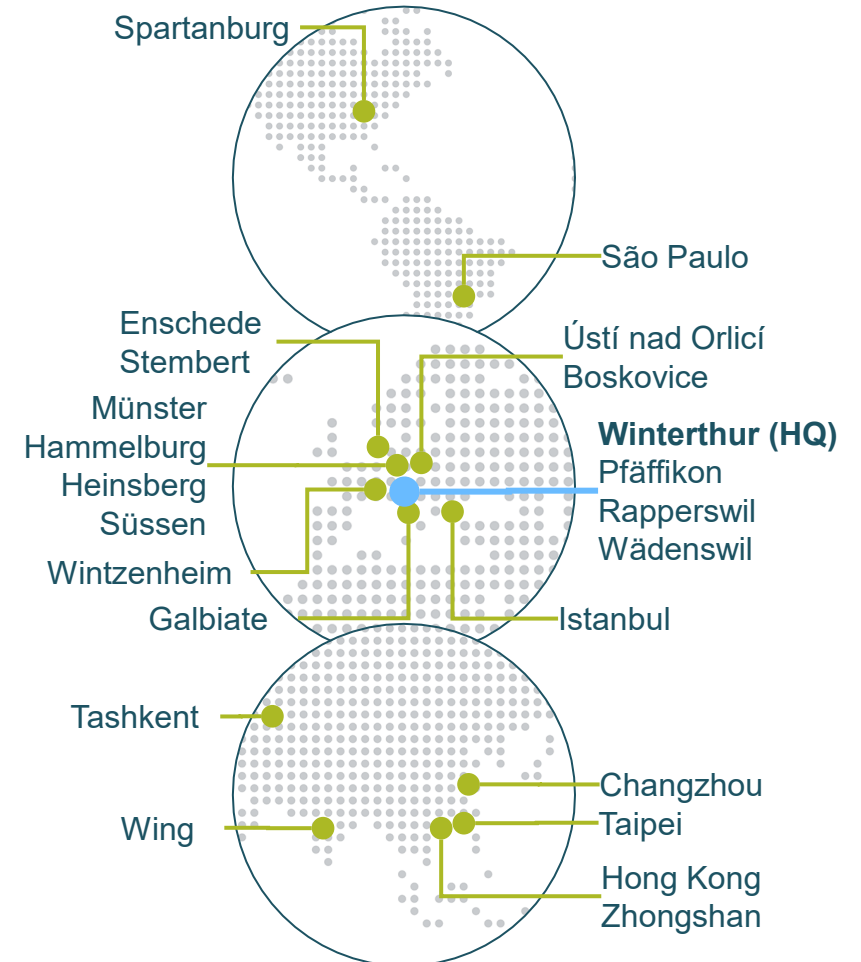
Founded
1795

Countries
14

Locations
23

Global workforce
4 800

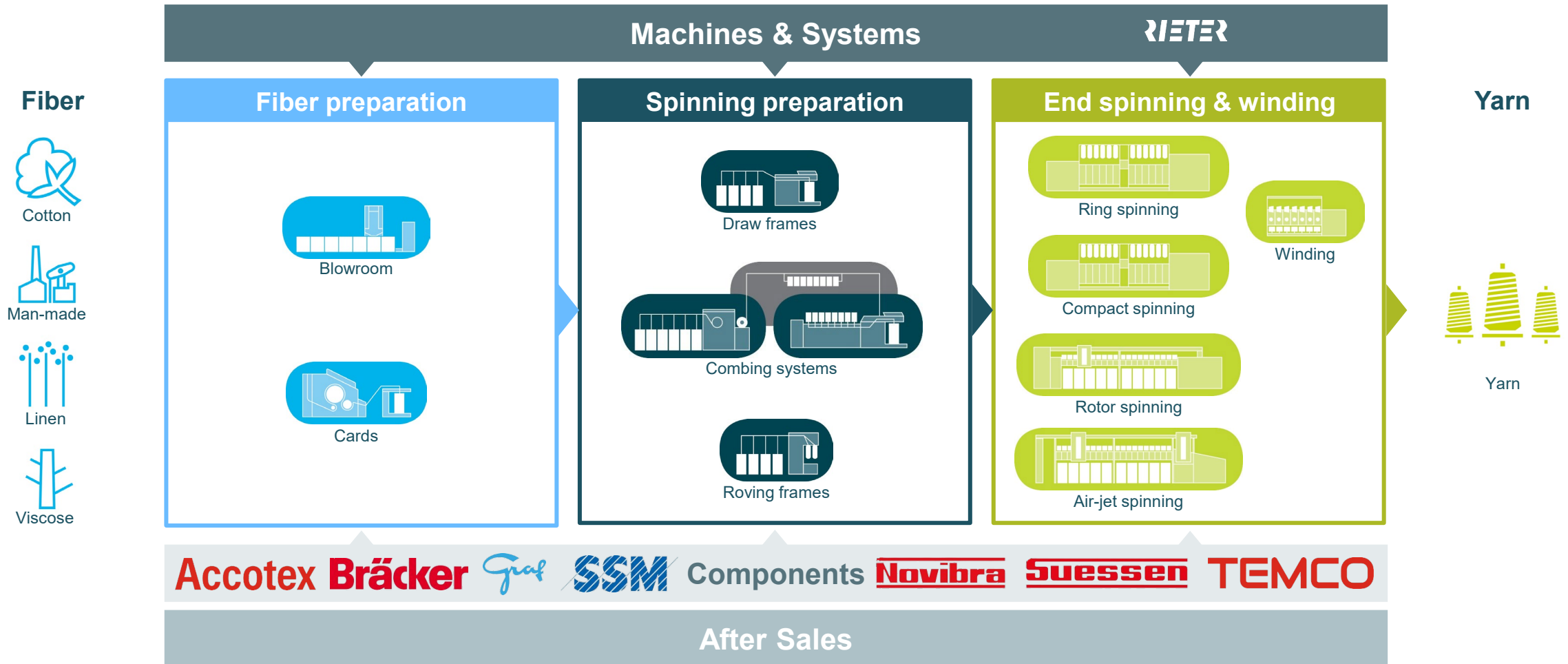
Business Groups
Machines & Systems
Components
After Sales



Our Business Model: From Fiber to Yarn



Rieter covers the complete process from fiber preparation to all four end-spinning technologies



System Approach to Satisfy Every Customer Requirement



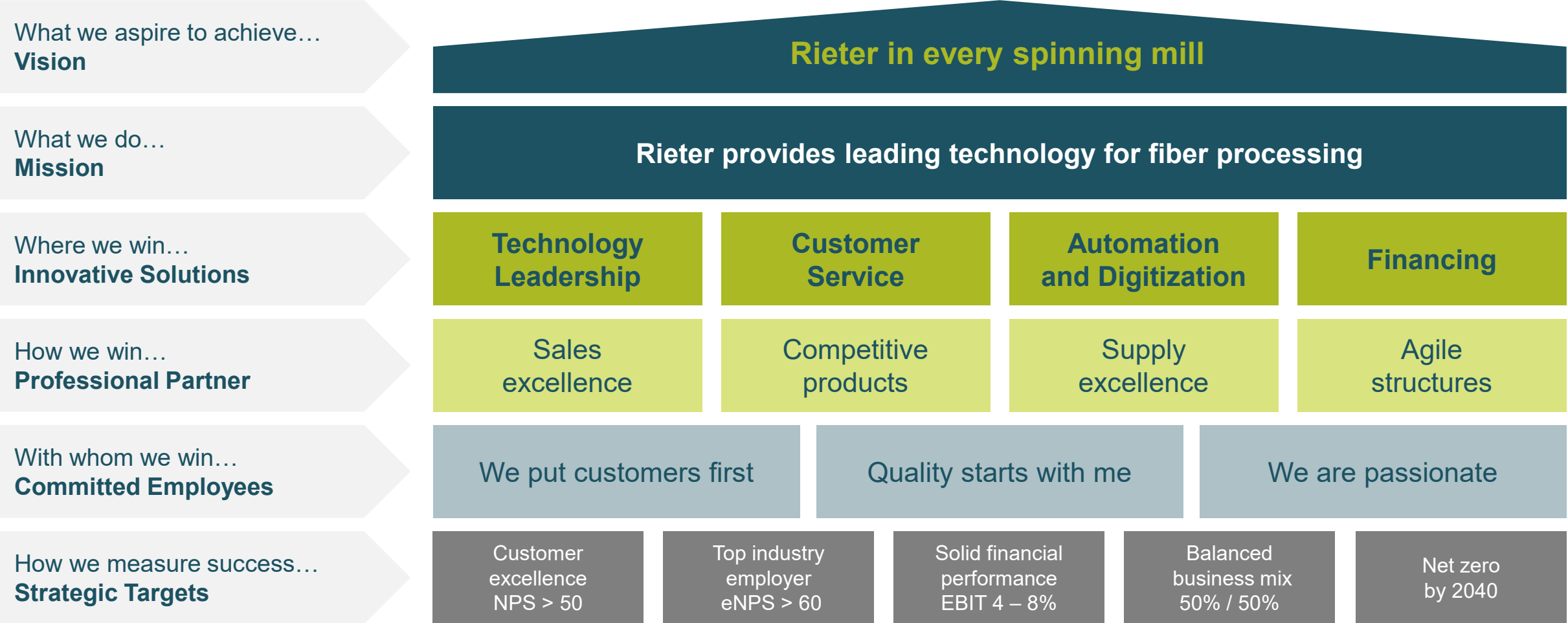
Rieter is the only player with a complete offering that can act as a system supplier

	Fiber preparation		Spinning preparation			End spinning and winding					
	Blowroom	Cards	Draw frames	Combing systems		Roving frames	Ring/Compact spinning	Rotor spinning (Semi)	Rotor spinning (Auto)	Air-jet spinning	Winding
RIETER	●	●	●	●	●	●	●	●	●	●	●
Competitor A (#2)										●	●
Competitor B (#3)	●	●	●			●	●	●		●	
Competitor C (#4)	●	●	●	●		●	●				●
Competitor D (#5)	●	●	●	●							
Competitor E (#6)	●	●	●	●							
Competitor F (#7)											●
Competitor G (#8)						●					
Competitor H (#9)	●	●						●			
Competitor I (#10)								●			
Competitor J (#11)						●					
Competitor K (#12)			●	●		●					
Competitor L (#13)			●								
Competitor M (#14)											●
Competitor N (#15)				●							



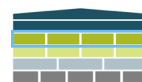
3 Our Strategic Direction

Rieter Makes the Difference



Where We Win: Innovative Solutions

Where-to-win areas demonstrate our enablers to create added value for our customers and ensure differentiation



Technology leadership

> 1 Breakout

- Best know-how to convert fibers into yarn
- Active management of our technology portfolio
- Development of innovations that are aligned with market requirements



Customer service

> 2 Breakout

- Well-established after-sales network, close to our customers
- High quality spare parts and components, maintenance and repair service
- Extended lifetime, higher availability and reliability



Automation and digitization

> 3 Breakout

- Leveraging digital technology via digital spinning suite ESSENTIAL
- Collection and analysis of mill system data
- Automation to overcome shortage of skilled labor



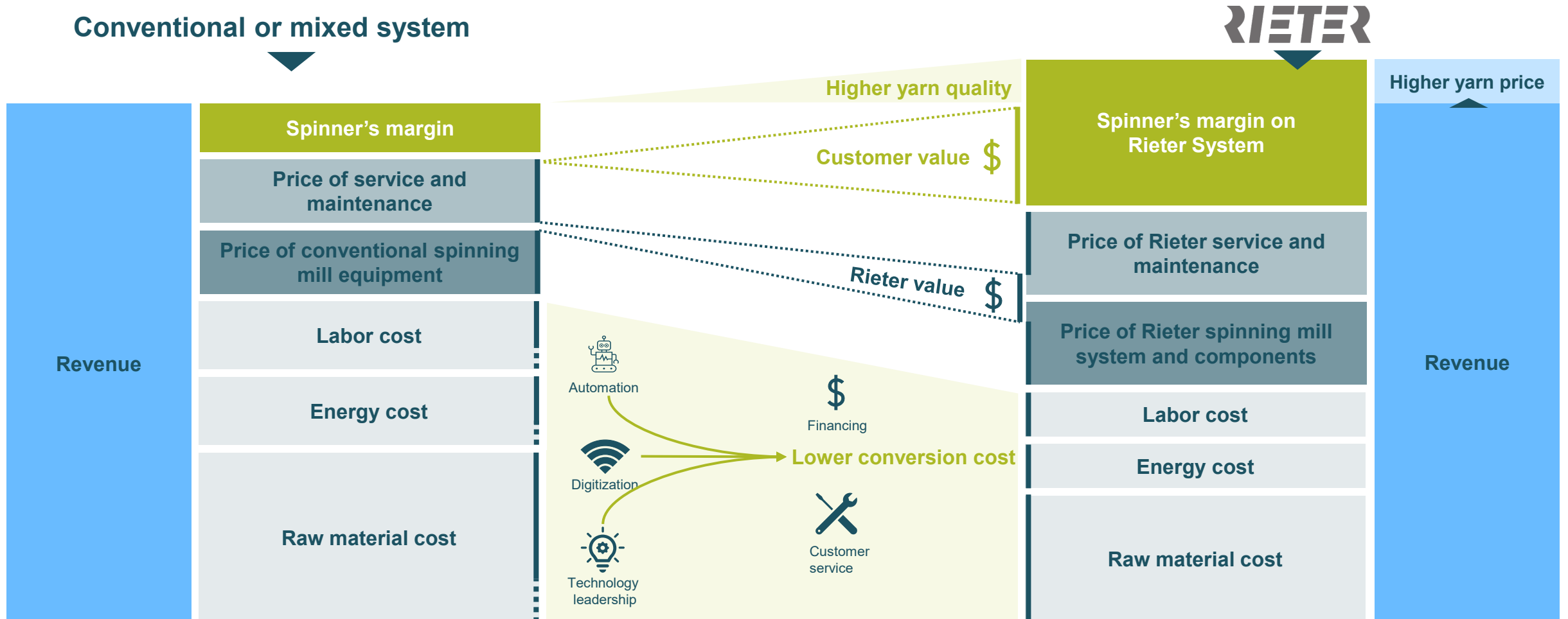
Financing

- Investments in spinning mills are extensive
- Strong support to customers to obtain financing
- Local institutions and export credit agencies (ECAs) create high flexibility

Value Proposition

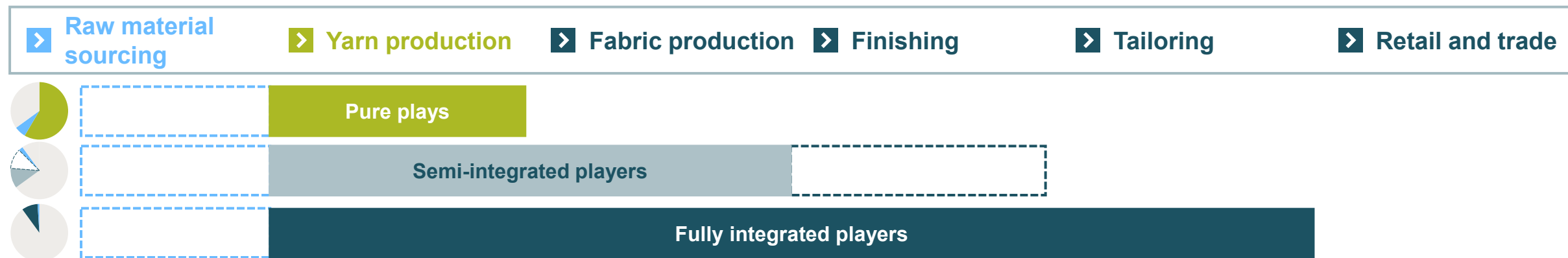


Rieter's leading technology bolsters profitability in spinning mills via lower conversion costs and higher yarn prices

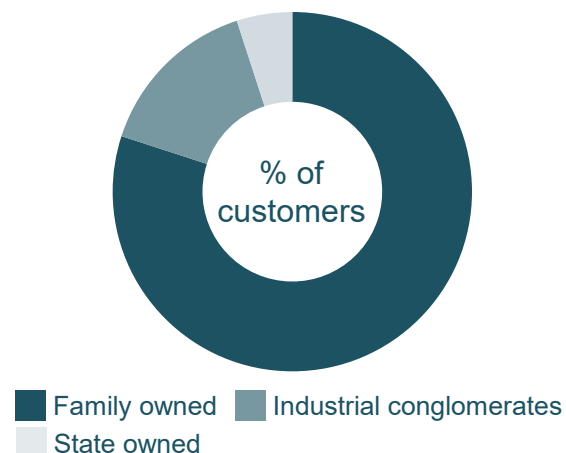


Customer Typology and Concentration

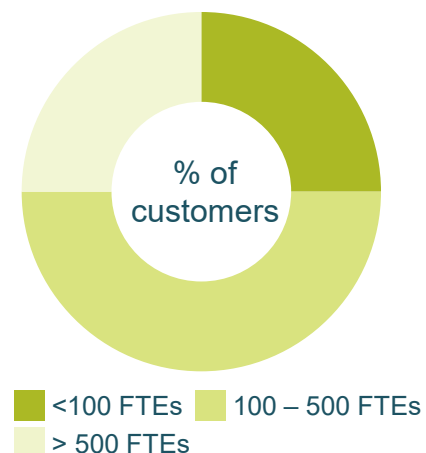
Fragmented customer base of around 3 000 accounts dominated by small and medium sized family businesses



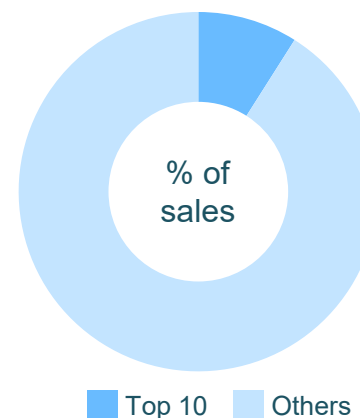
Ownership structure



Size



Customer concentration



Drivers

- Succession of family-owned businesses
- Spinning know-how preservation
- Pressure on output and costs
- Consolidation and economies of scale

Strategic Priorities in the Business Group Machines & Systems



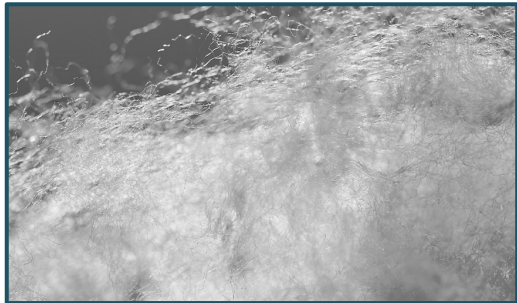
Priorities defined for market and application



Cotton/blends application



Defend the leading market position



Man-Made Fibers (MMF)



Attack business in MMF/blends application



Cost competitiveness



Best Cost Country (BCC), more than 90% of third-party components

Strategic Priorities in the Business Group Components



Technology leadership



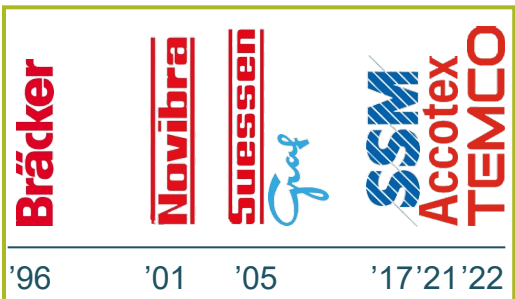
Ensure state-of-the-art technology components



Filaments



Increase market share via components



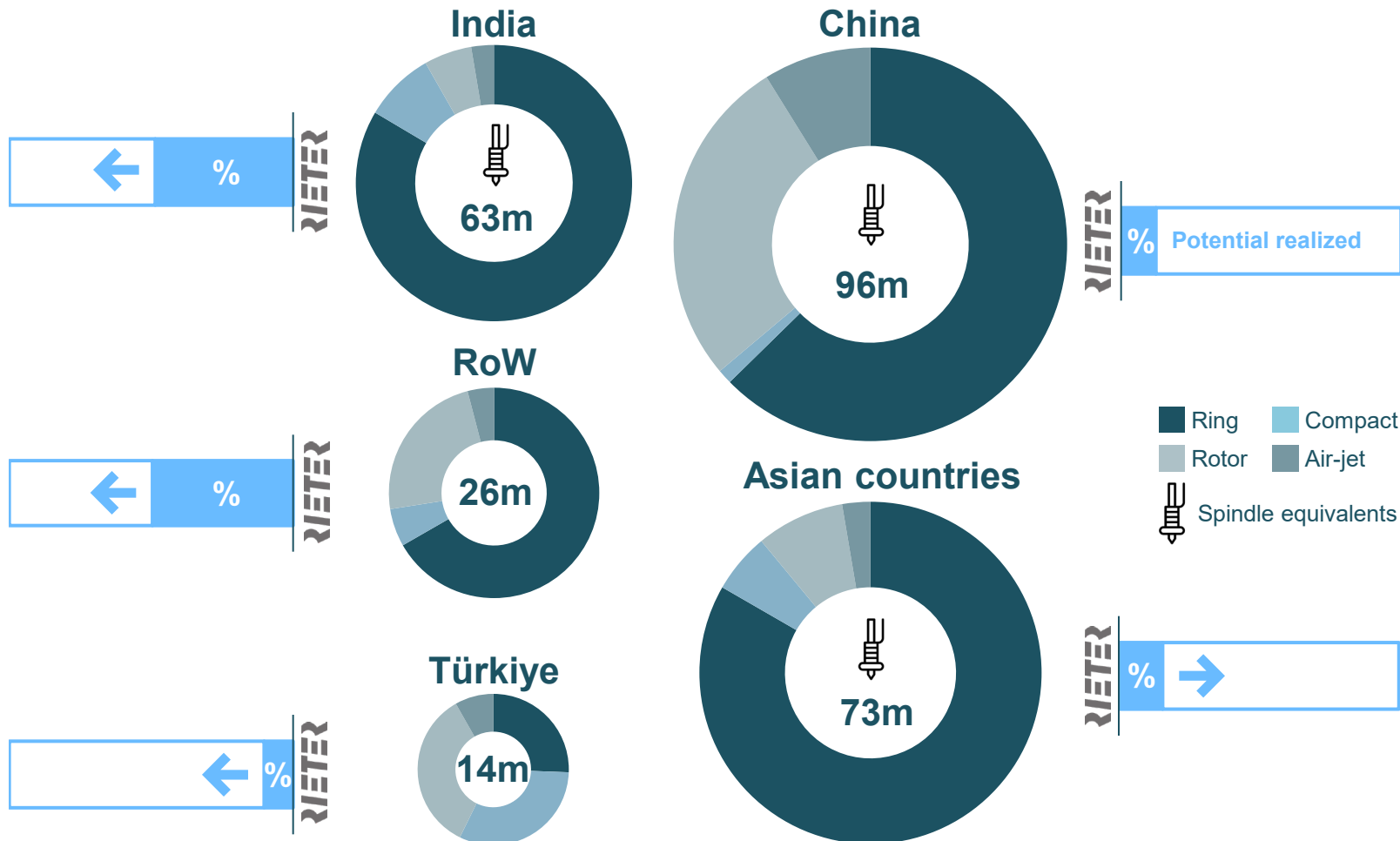
Bolt-on acquisitions



Pursue selective growth opportunities via M&A

Strategic Priorities in the Business Group After Sales

A growing installed base in the world's largest markets unlocks significant growth potential for After Sales



Leverage growing installed base

Introduce Service Level Agreements

Localize service footprint

Sustainability

Rieter is set to become carbon neutral by 2040



Near-term 2030



- Scope 1 and Scope 2
- Renewable Energy



Long-term 2040



- Scope 3
- SBTi¹ and Roadmap to Net Zero

¹Science Based Targets initiative



Reporting



- According to different legal frameworks (CH and EU)

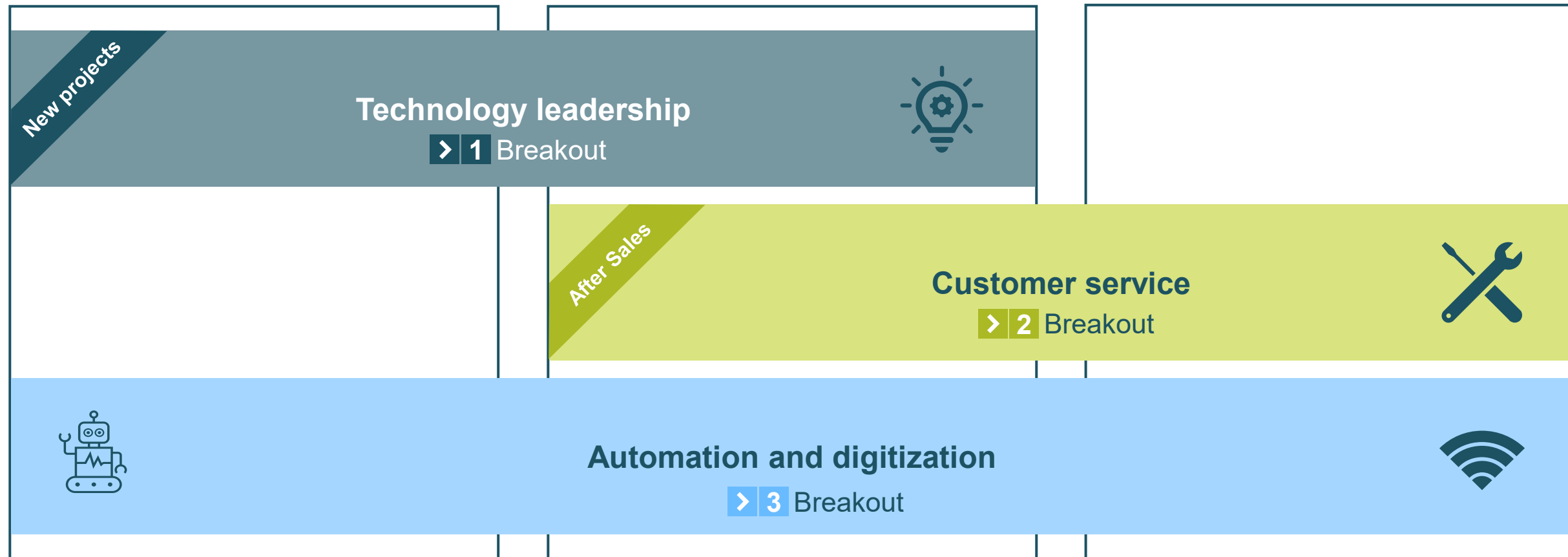
What's Ahead Today

Deep-dive sessions on innovative solutions

Machines & Systems

Components

After Sales





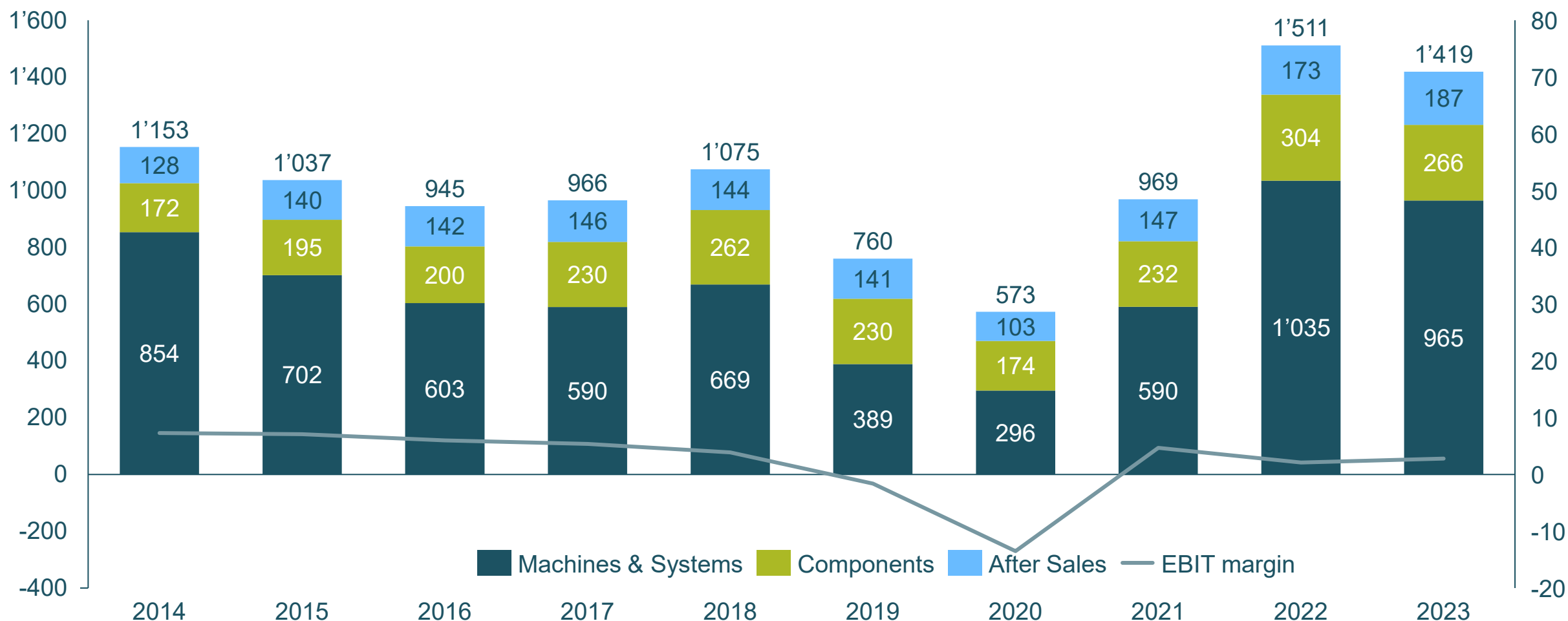
Rieter Capital Market Day 2024

Financial Ambition and Key Figures

Oliver Streuli, Chief Financial Officer

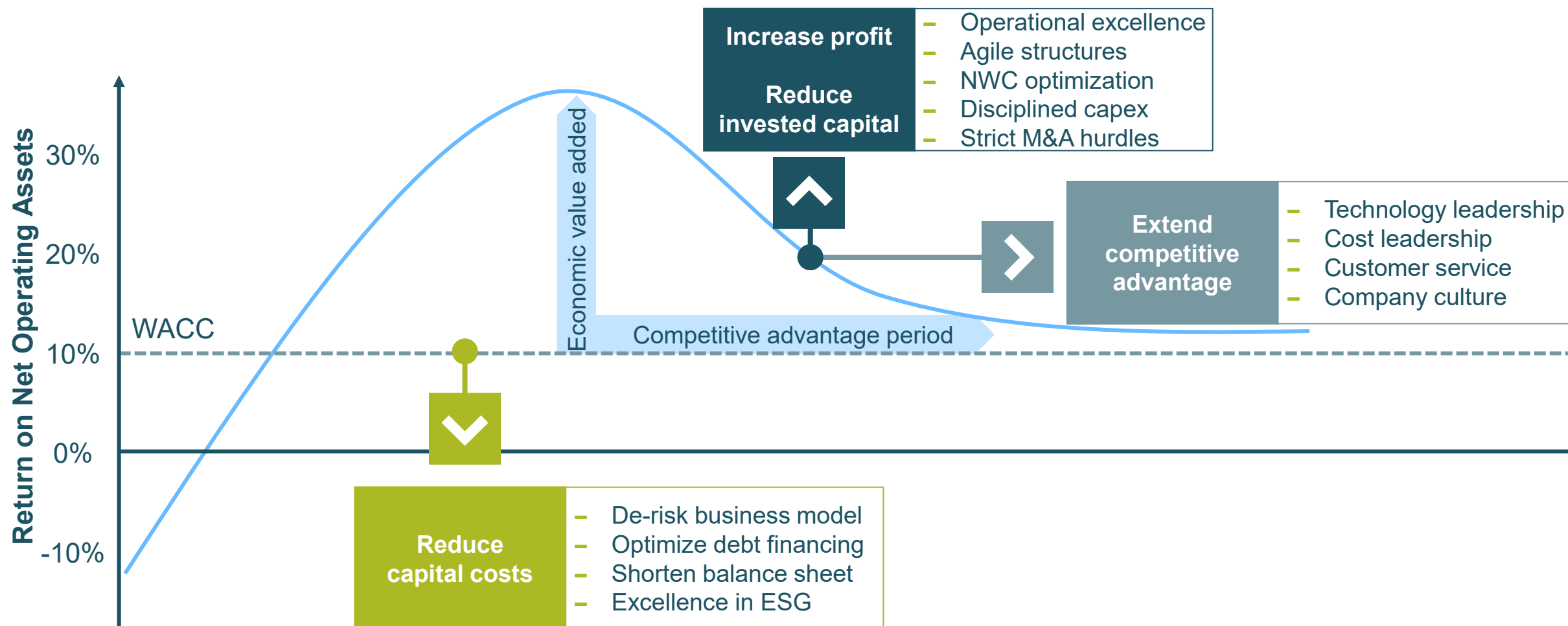
Weak Financial Performance in the Past

We were not successfully delivering profitability – neither in a high nor in a mid nor in a low market scenario



Return on Net Operating Assets > Cost of Capital...

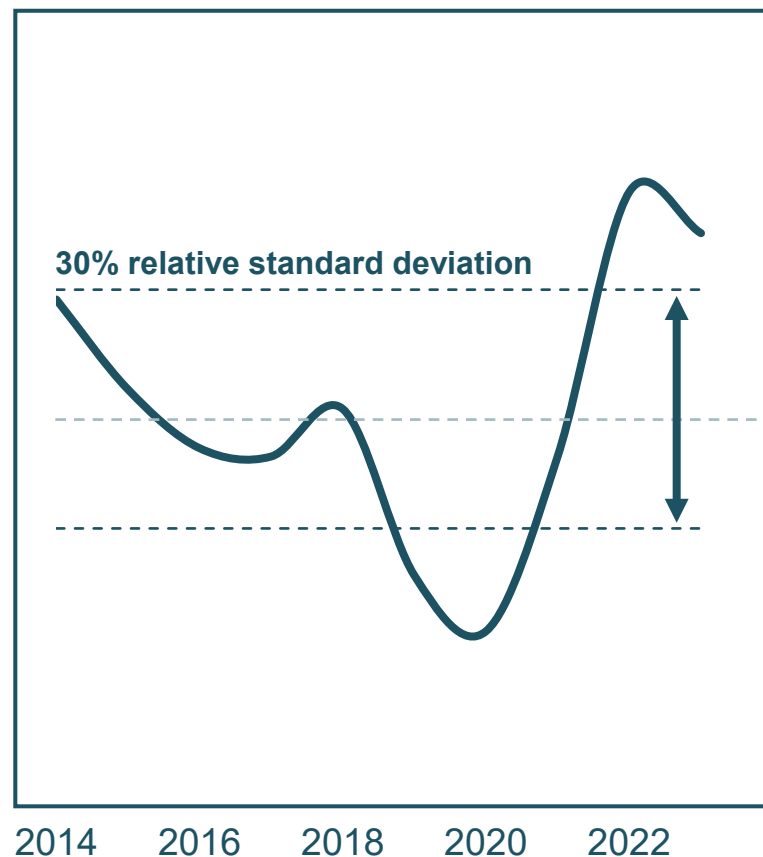
... is the golden rule. What successful companies aim at when talking about value creation



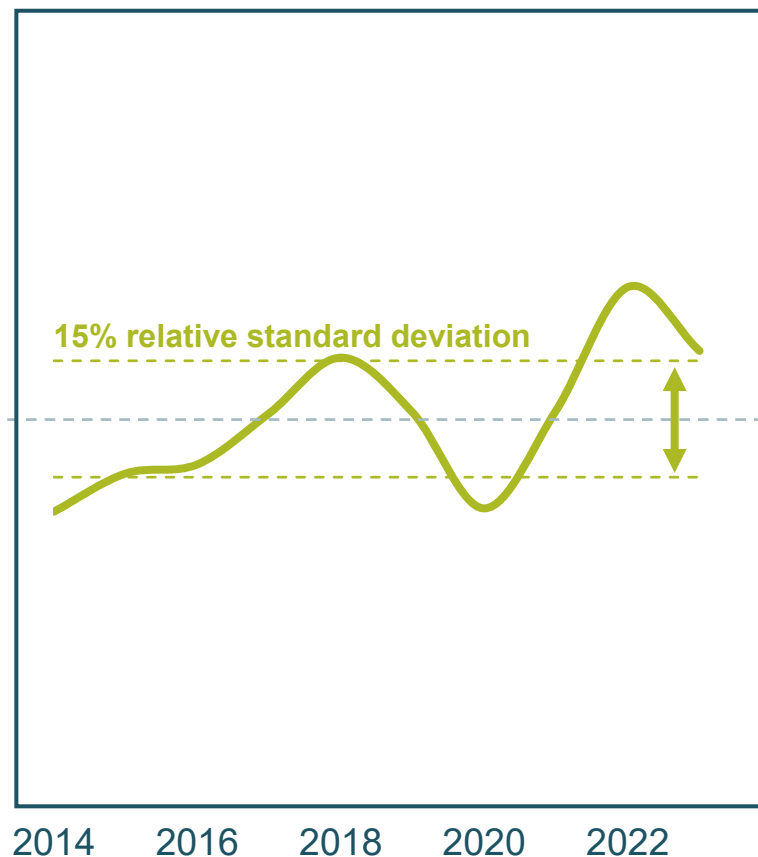
Grow After Sales and Components Sales to Balance Volatility

After Sales and Components sales are significantly less volatile than Machine & Systems sales

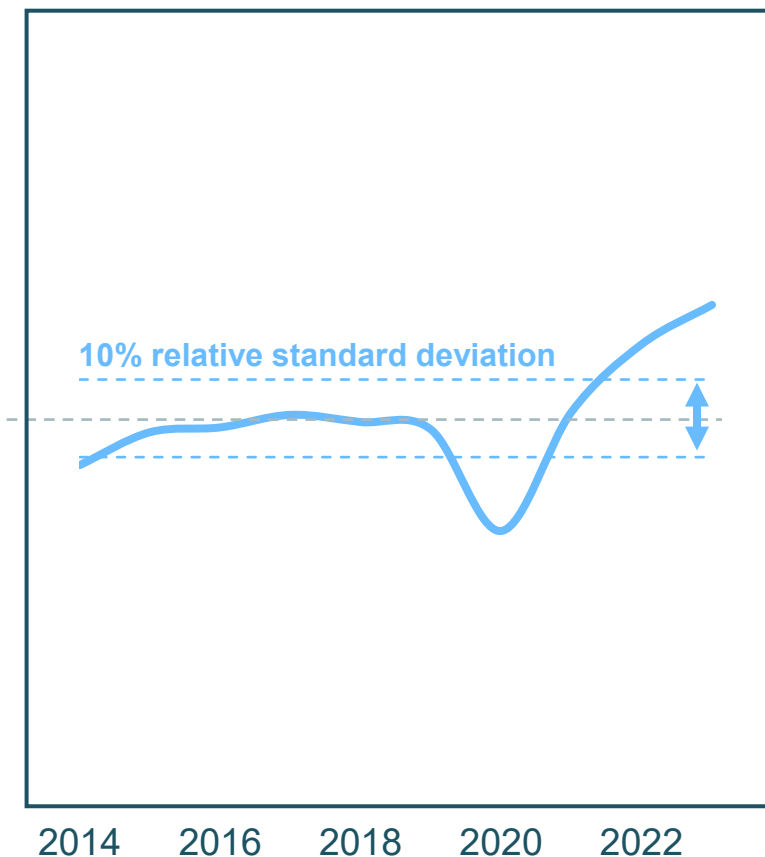
Machines & Systems



Components



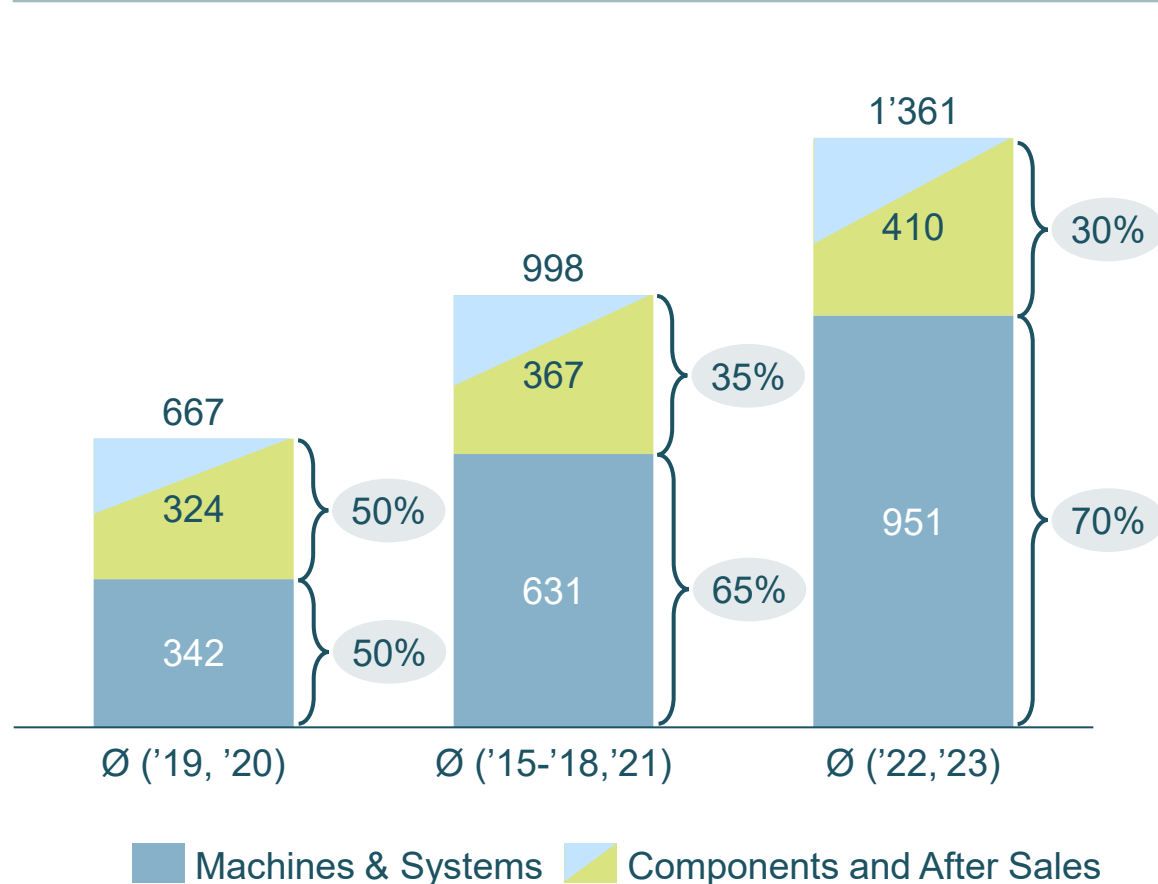
After Sales



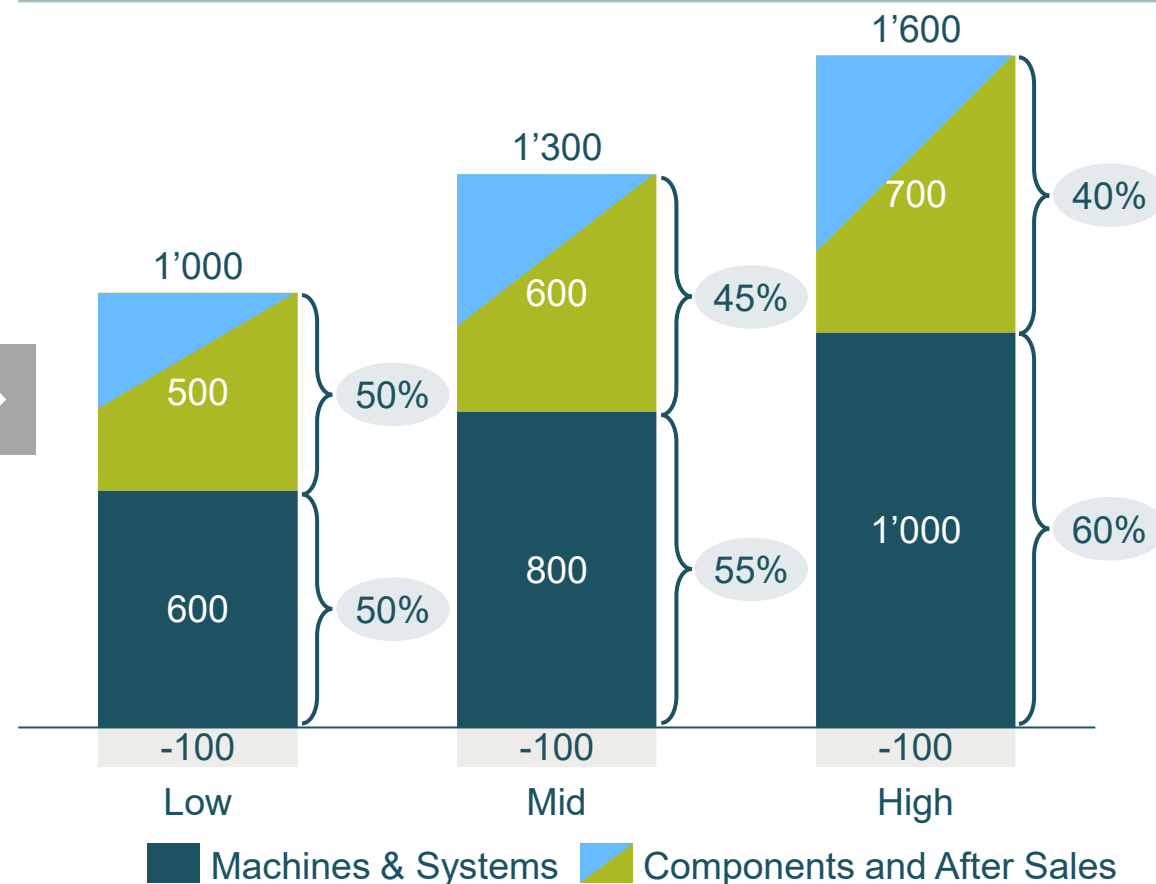
Grow After Sales and Components Business for a Better Mix

Successful cycle management along with sales excellence provide the base for a more balanced business mix

Last 10 years



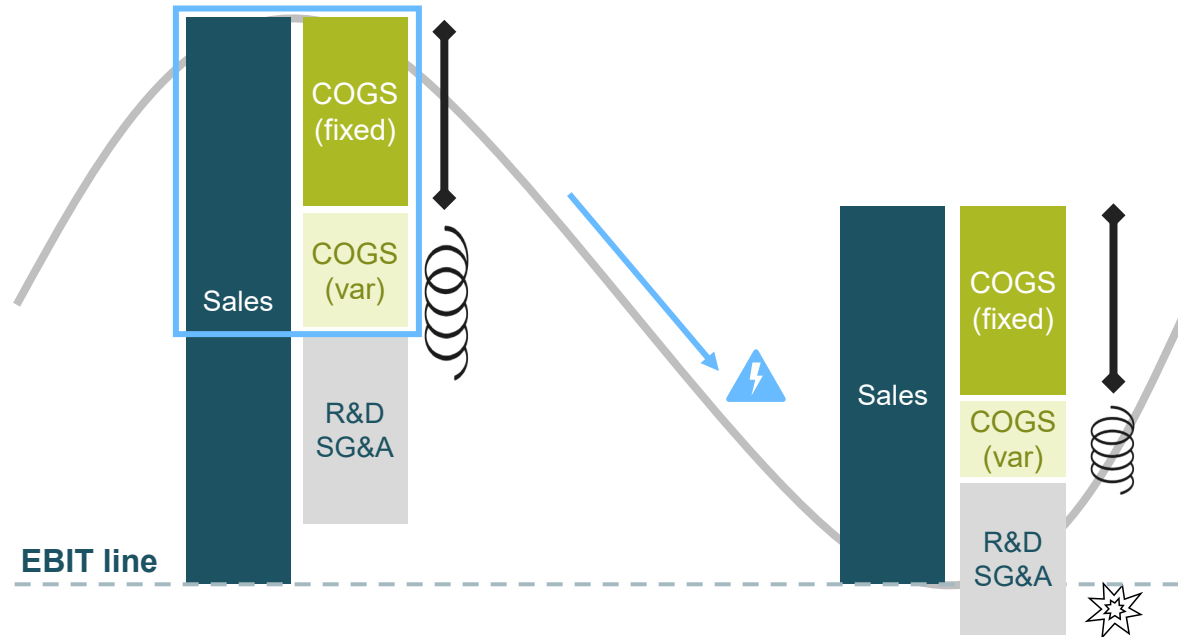
Over-the-cycle growth ambition excl. M&A



Adjusted and Flexible Cost Base to Protect Profits in Any Scenario

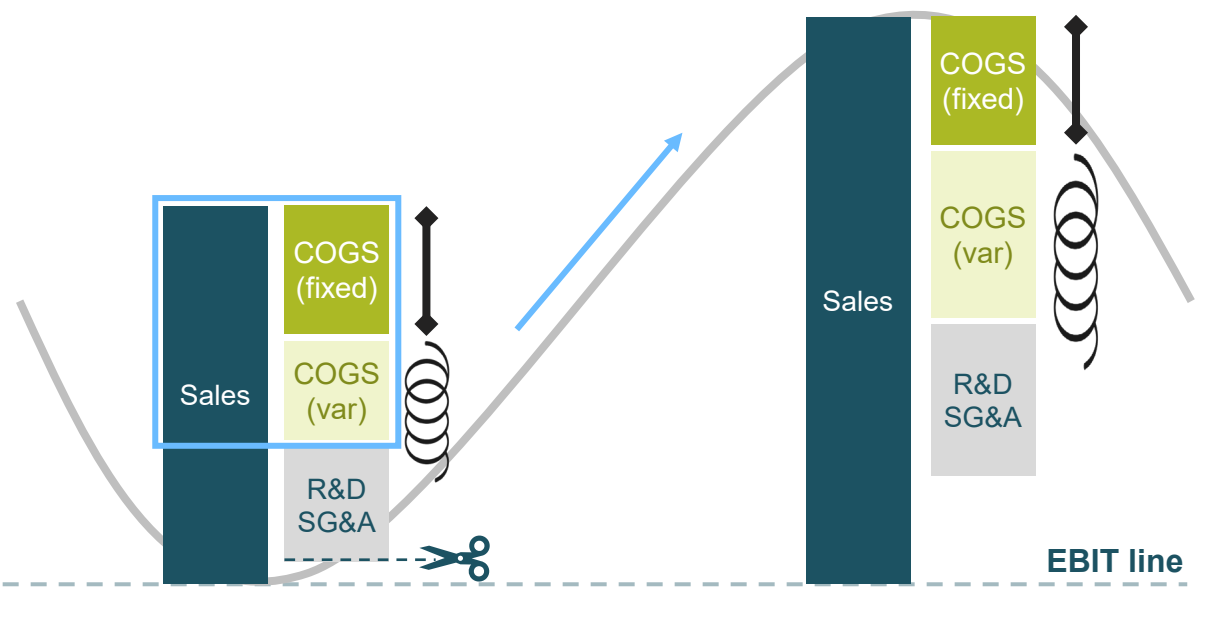
Adjusting our base capacity to generate a profit in any market scenario and flexing in an upcycle is key

Challenge



- **Base capacity** fitted to high level sales scenario
- High fixed cost base due to own production capacity
- High cost base for R&D and SG&A
- **Painful capacity adjustments in low market**

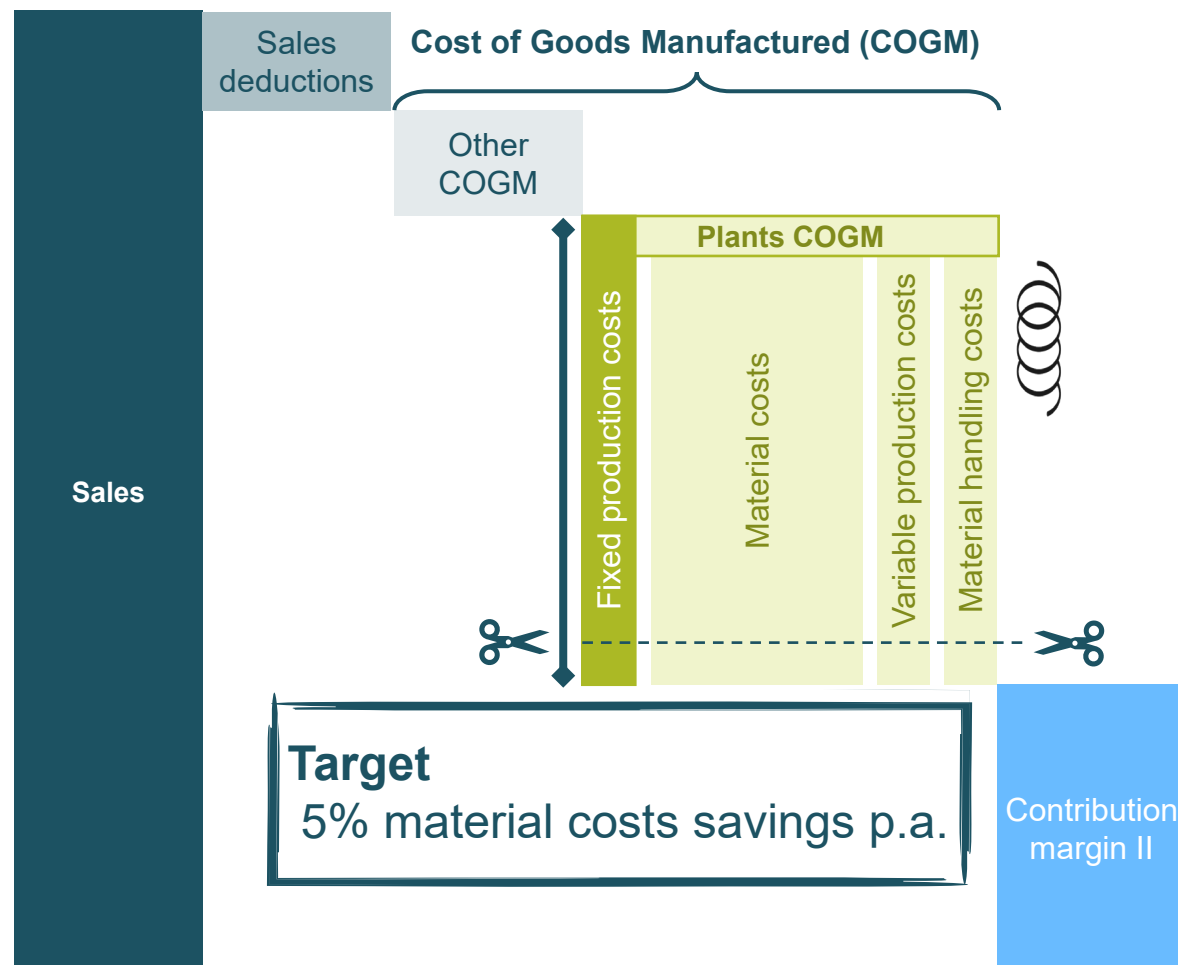
Response



- Adjust **base capacity** to fit low level scenario
- Adjust structural cost footprint for R&D and SG&A
- Flexible capacity due to temp workforce and third parties
- **Operating leverage in mid and high market**

Continuous Cost Leadership (CCL)

CCL is a process of continuously working on cost improvements in all chains of supply and fulfillment



Key potentials

- Material costs
- Supplier base
- Design-to-cost
- Logistics
- **Next up:** Indirect spend

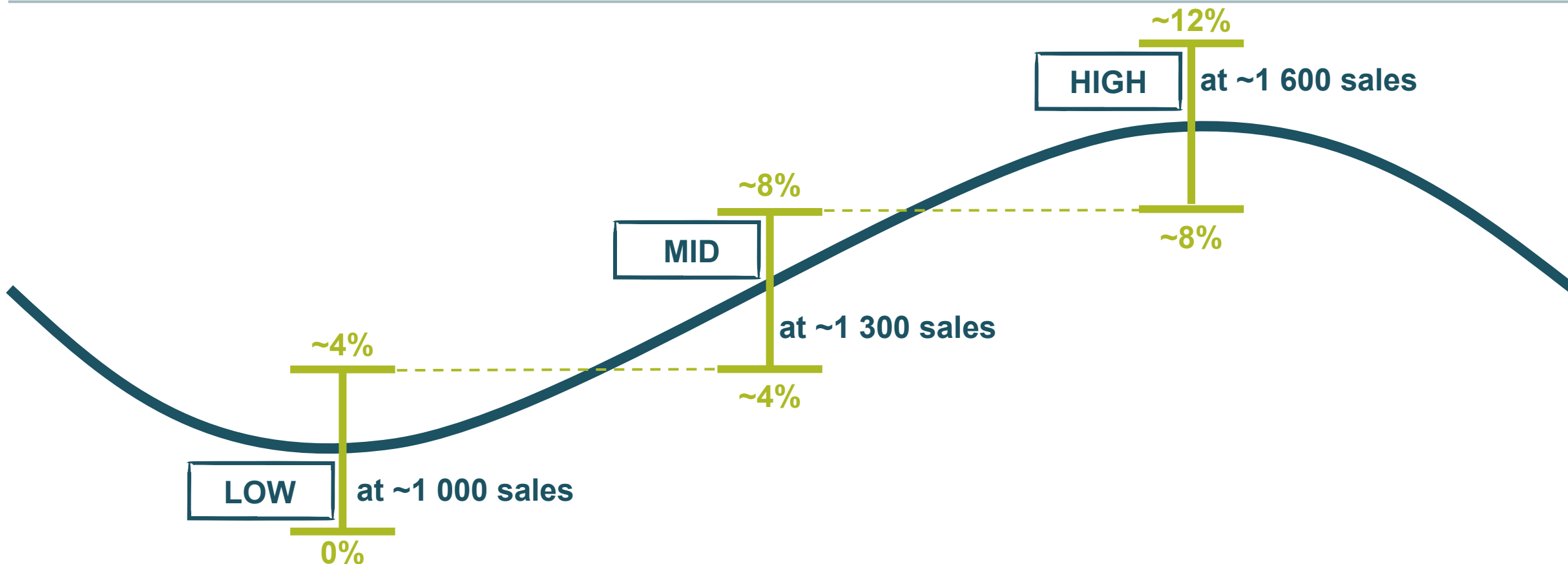
Key milestones achieved

- Group-wide CCL organization implemented
- State-of-the-art spend and benchmarking tool implemented
- Supplier campaign addressing >300 suppliers conducted

Achieve a Positive Result in Low Market Scenario

EBIT margin ambition in relation to market scenarios

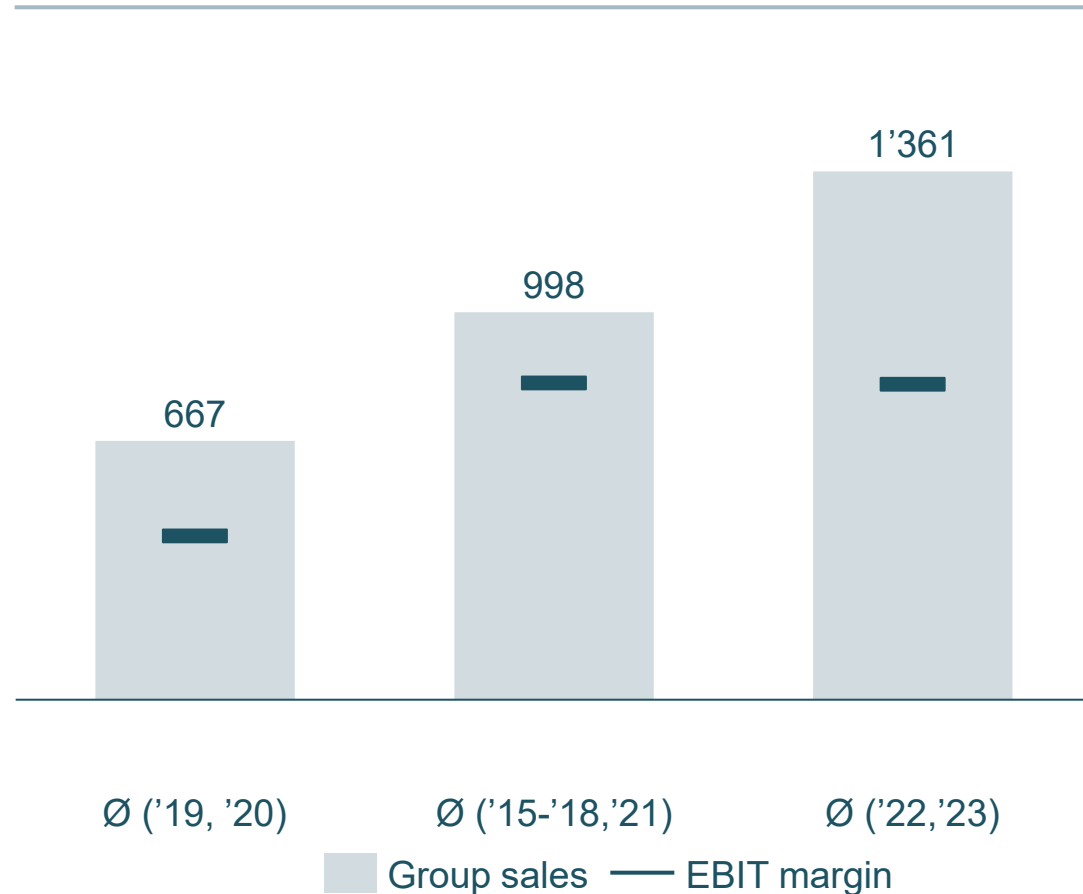
CHF million



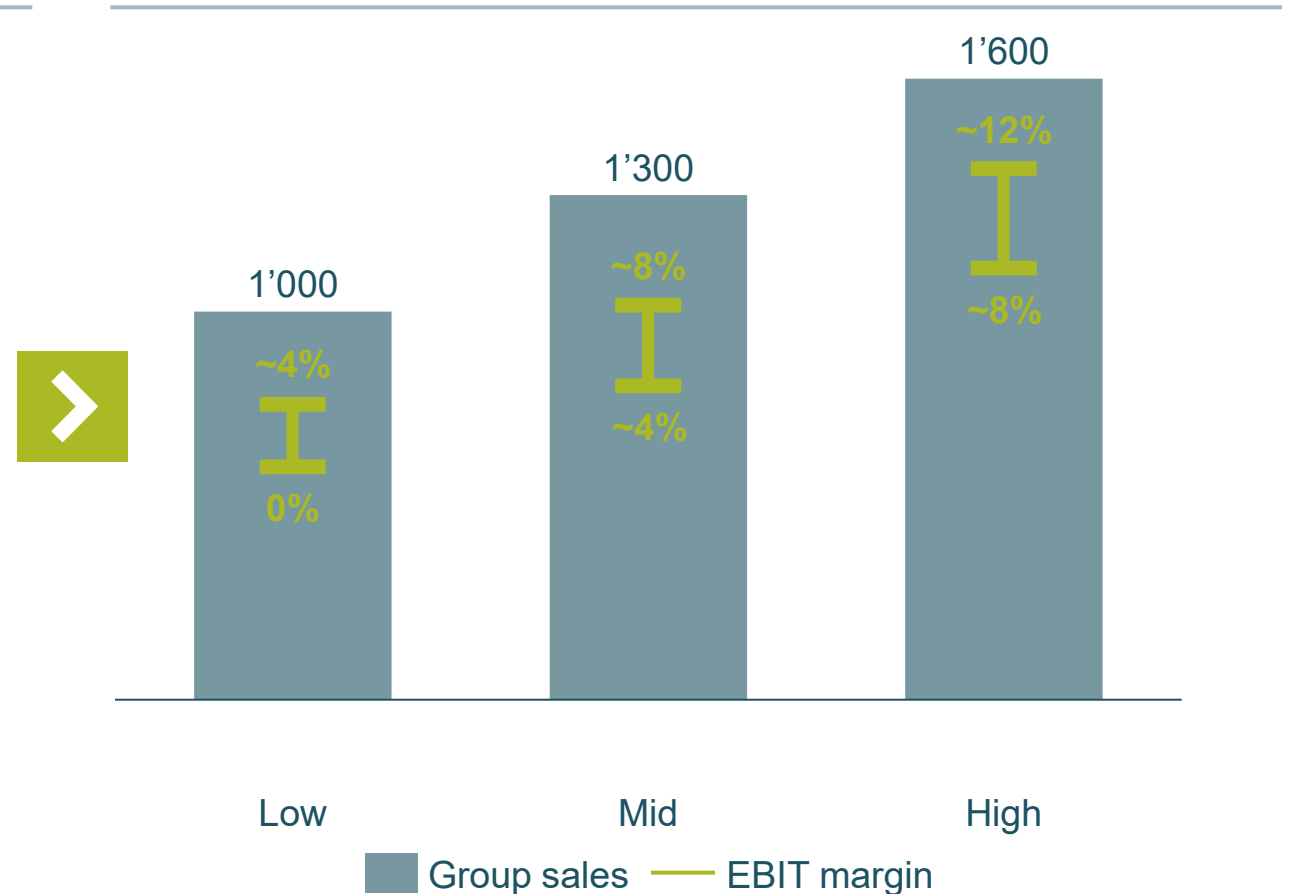
Financial Ambition – Profitability

A more balanced business mix translates into improved and less volatile operating profitability

Last 10 years



Over-the-cycle ambition



Selective approach to M&A

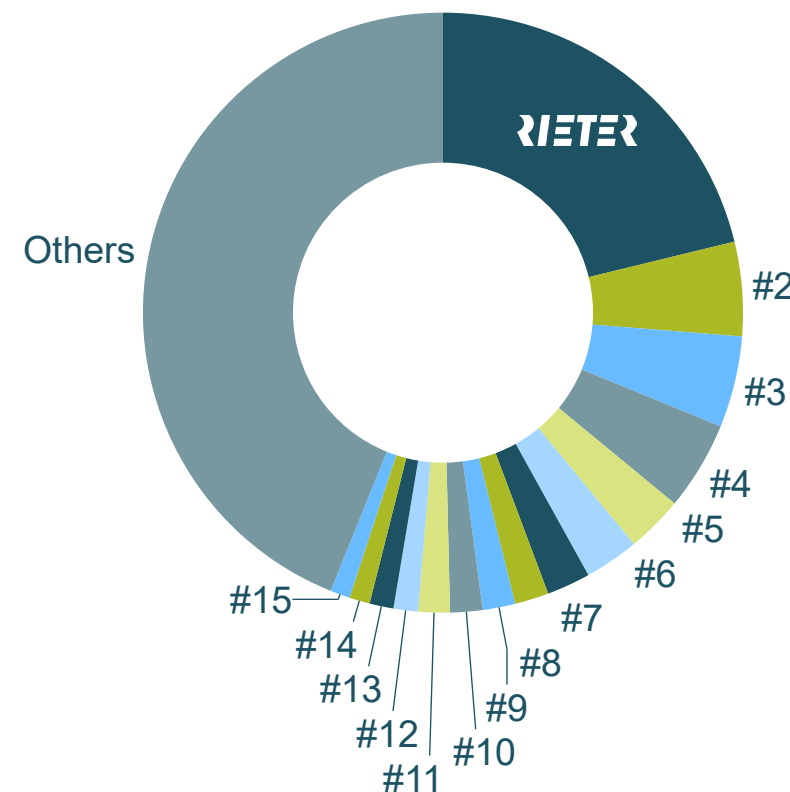
Potential acquisition candidates are monitored continuously as M&A is considered a growth and profitability driver

Criteria and characteristics

Strategic <ul style="list-style-type: none"> - Strategic alliances with best-in-class partners to obtain necessary competences faster - Focus on bolt-ons 	Expand geographical footprint
	Complete expertise in fiber processing
	Increase share of After Sales business

Financial <ul style="list-style-type: none"> - Attractive EBIT profitability, FCF generation and capital returns - Clearly identifiable revenue and cost synergy potential

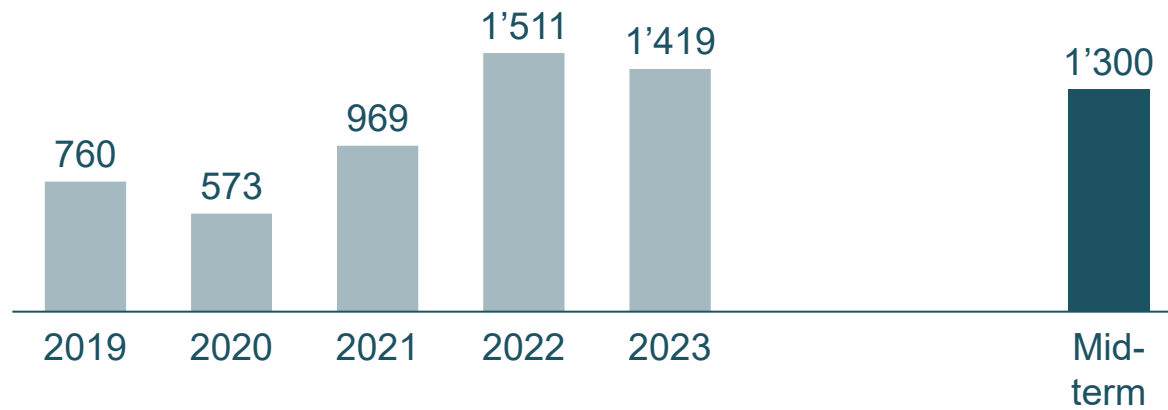
Components: Fragmentation provides opportunities



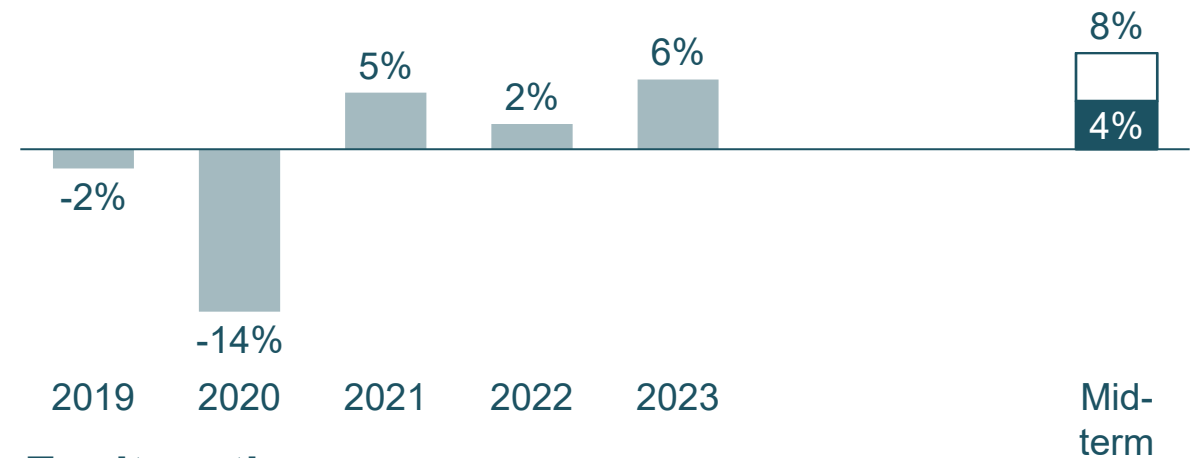
Summary – Over-the-cycle and Mid-term Financial Ambition



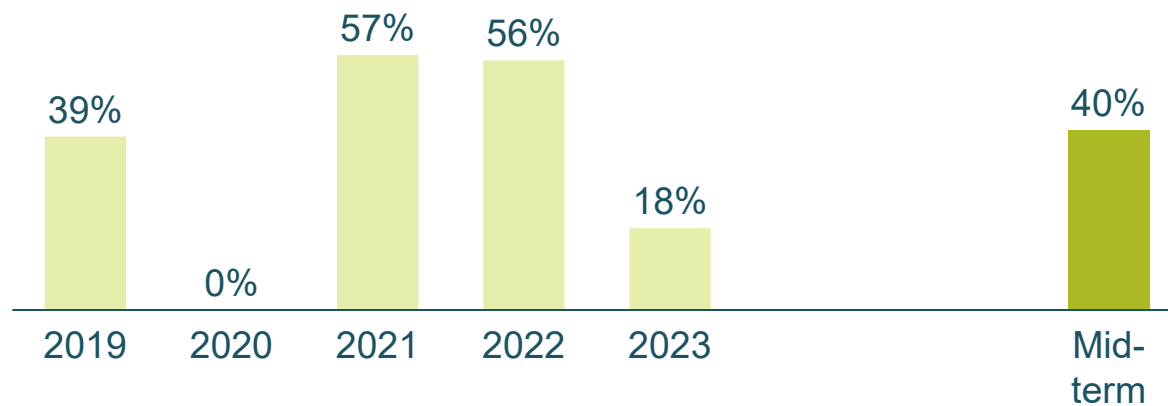
Sales



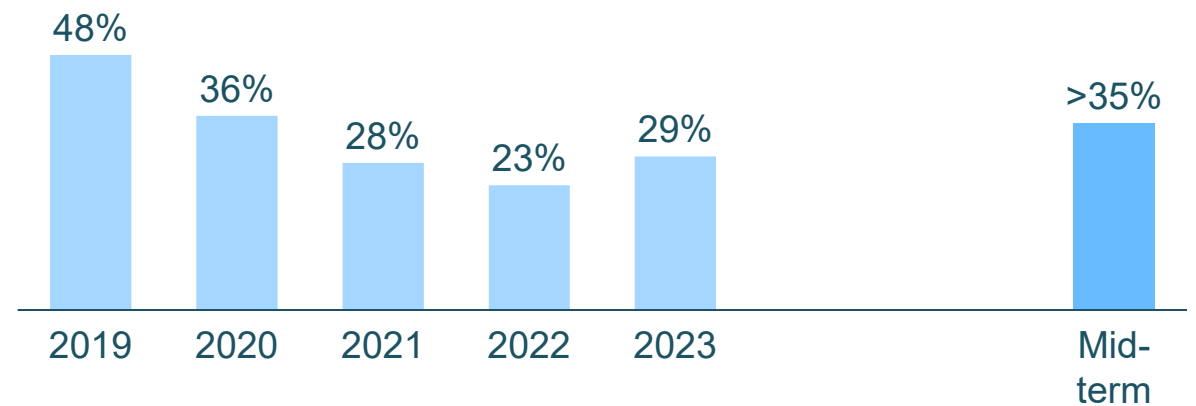
EBIT margin



Payout ratio



Equity ratio



Financial Calendar



- Publication of sales 2024 January 29, 2025
- Deadline for proposals regarding the agenda of the Annual General Meeting February 28, 2025
- Results press conference 2025 March 13, 2025
- Annual General Meeting 2025 April 24, 2025
- Semi-Annual Report 2025 July 18, 2025
- Investor Update 2025 October 22, 2025



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