

# First Half of 2002: Results

[www.rieter.com](http://www.rieter.com)

**Presentation**

by

**Dr. Hans Rudolf Widmer**  
Chief Financial Officer

August 23, 2002

**COMFORT  
THANKS  
TO RIETER  
SINCE 1795**

# First half of 2002

## Rieter Group: Key data

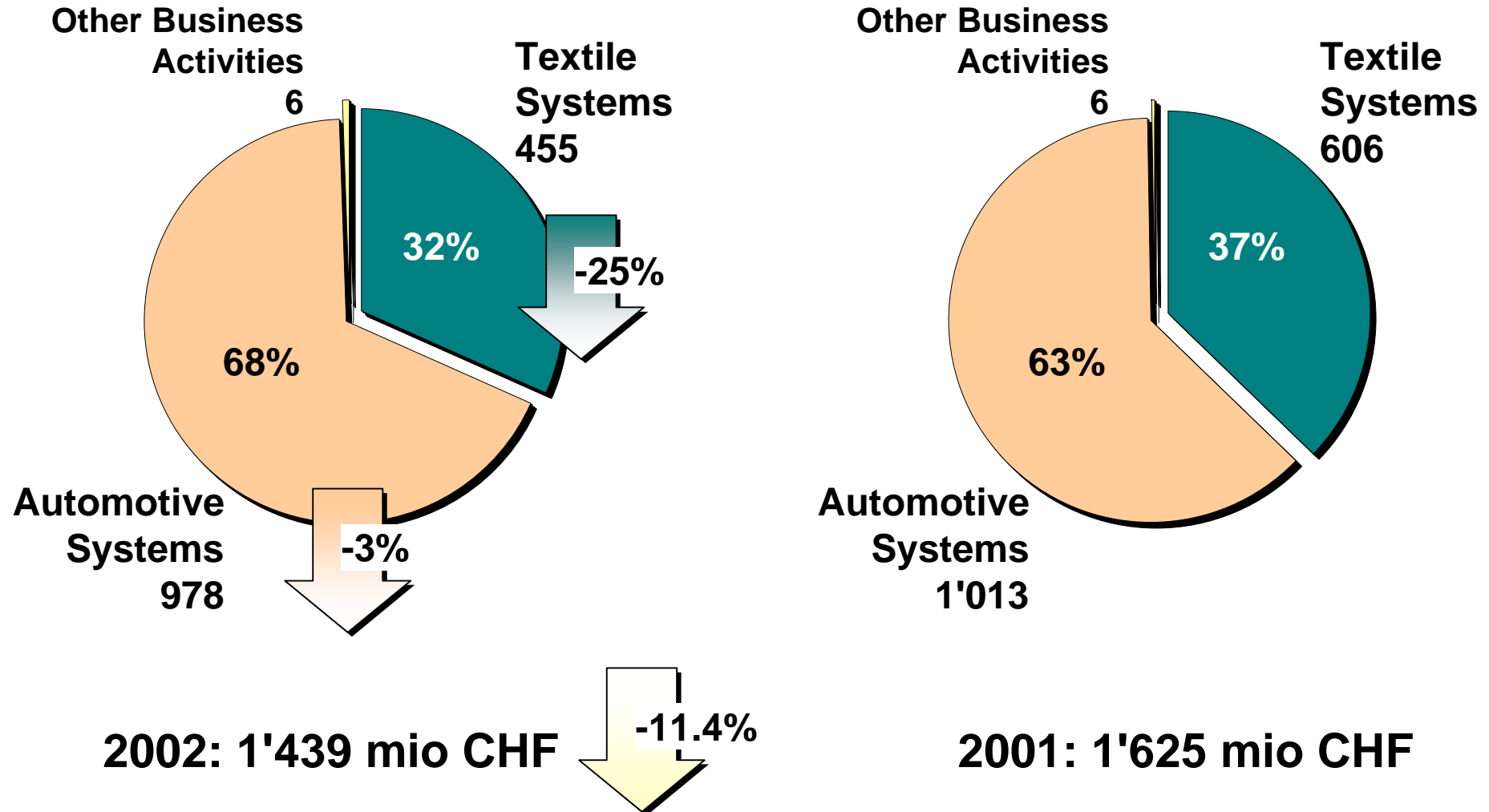


mio CHF	1-6 2002	Change vs. 1-6/2001 in %
<b>Orders</b>	<b>1'596</b>	<b>2</b>
<b>Sales</b>	<b>1'439</b>	<b>– 11.4</b>
<b>EBITDA</b>	<b>150.4</b>	<b>– 13.8</b>
- in % of co	<b>10.7</b>	
<b>EBIT</b>	<b>87.9</b>	<b>– 20</b>
- in % of co	<b>6.3</b>	
<b>Net profit</b>	<b>40.5</b>	<b>– 39</b>
<b>EPS (in CHF)</b>	<b>7.93</b>	<b>– 46</b>
<b>Employees</b>	<b>12'785</b>	<b>– 3</b>

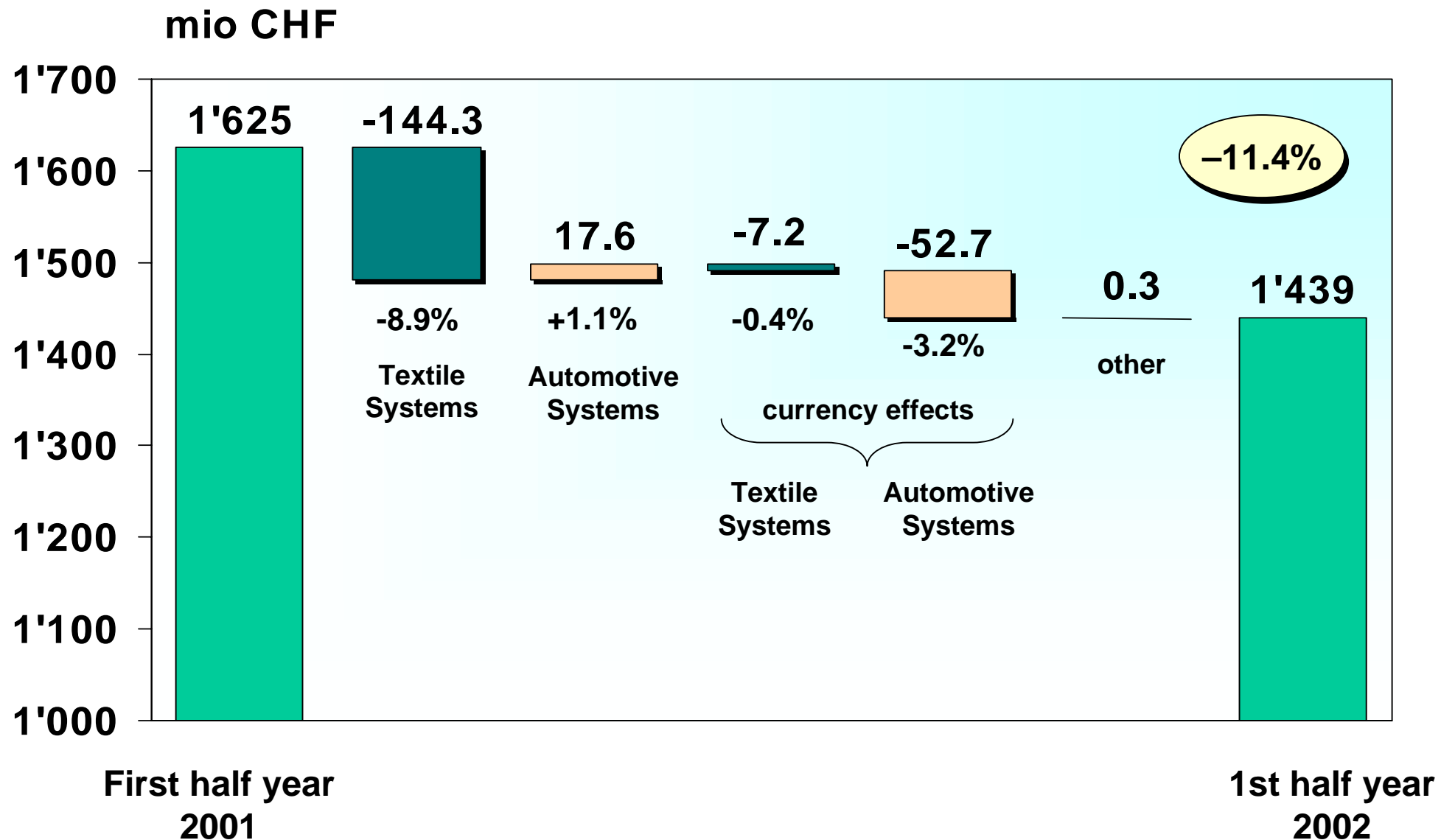
- **Strong recovery of orders for textile machinery / services**
- **Sales slow down attributable to substantial drop of Textile Systems (–144.3 mio CHF, –8.9%) and currency effects (–59.9 mio CHF, –3.6%)**
- **EBIT improvement at Automotive Systems (+5.5 mio CHF) not sufficient to offset sales related EBIT drop at Textile Systems (–25.0 mio CHF)**
- **Net profit additionally affected by drop of financial income**

## Sales by division

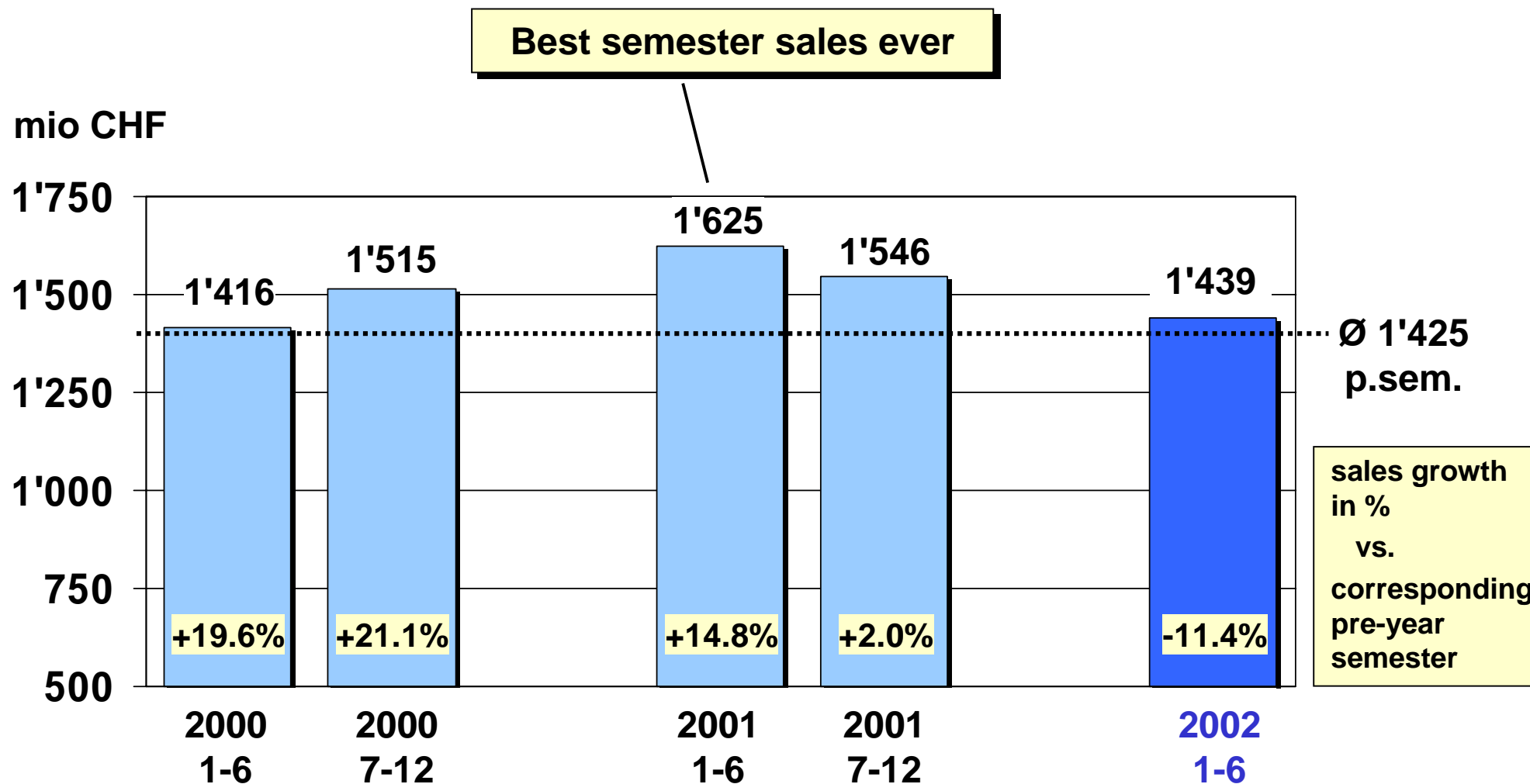
### First half year sales



# First half of 2002: 11.4% sales drop due to slower textile machinery business



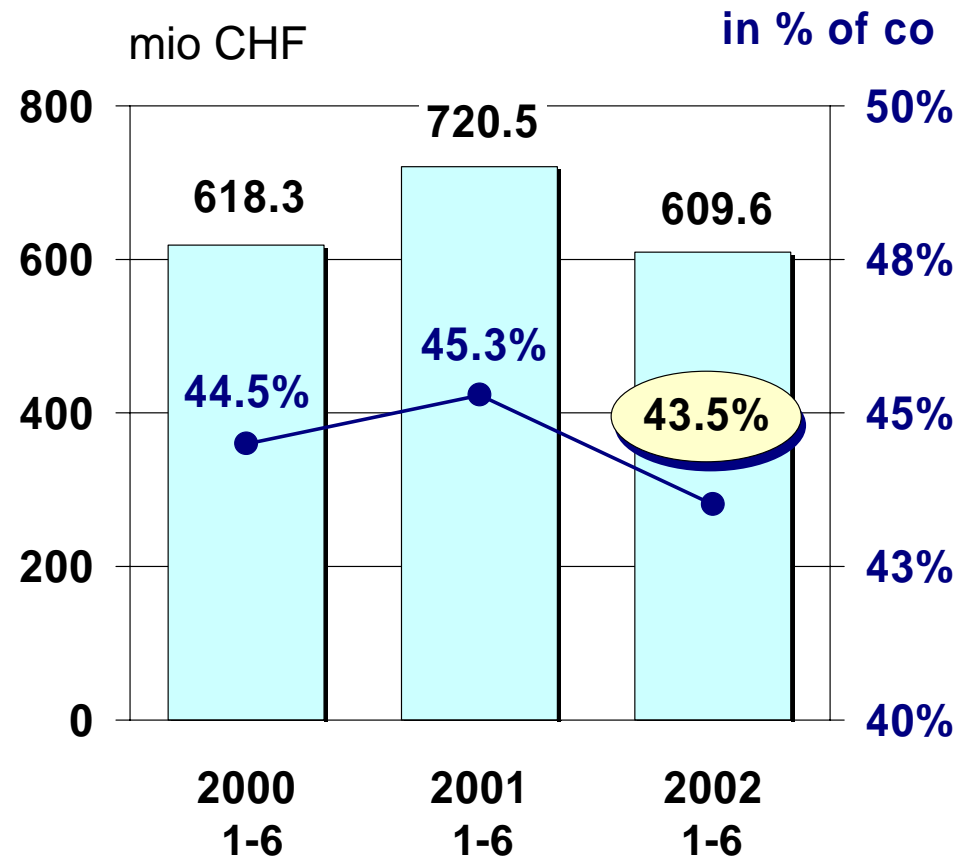
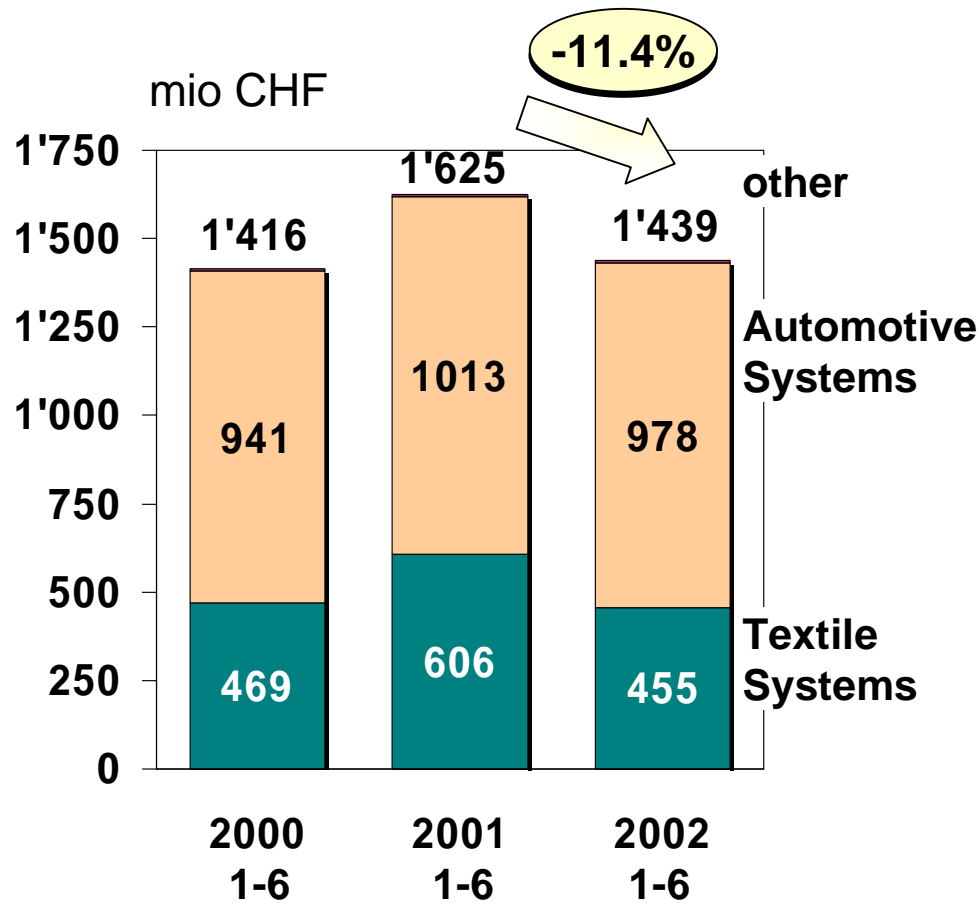
# First half of 2002: Sales still above 3y average (1999-2002)



# After 2 years (2000, 2001) of strong growth ...

... Sales down by 11.4%,  
(vs. best semester ever)

... but impact lessened by strong  
material cost management

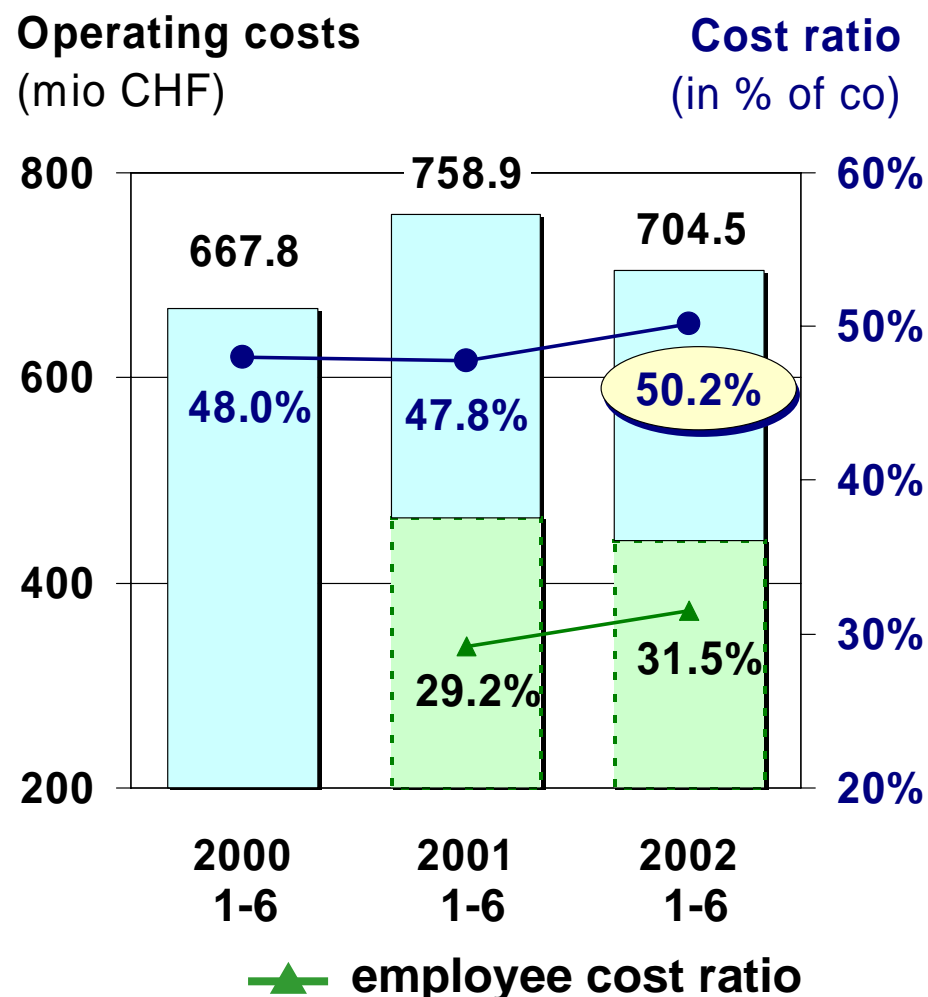


# Material and operating cost not sufficient to keep EBIT margin balanced



## Operating cost ratio up

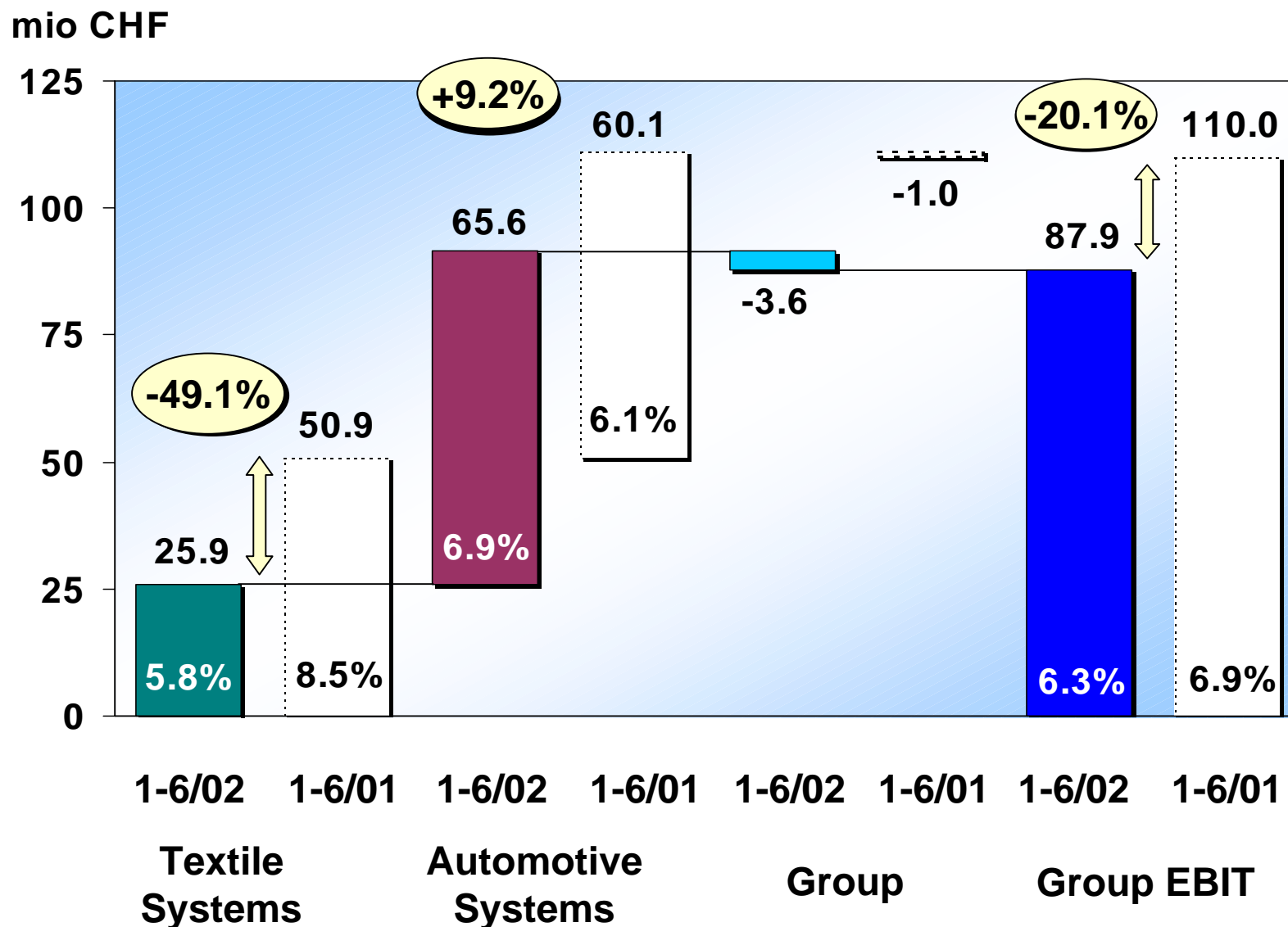
(employee costs, operating costs, depreciation)



## Source of EBIT development

	1-6 2002	1-6 2001	Change in basis points
Corporate output (co)	100	100	–
Material costs	43.5	45.3	+180
Operating costs	50.2	47.8	–240
- of which employee costs	31.5	29.2	– 230
Operating profit (EBIT)	6.3%	6.9%	–60

# First half of 2002: 20% EBIT reduction related to sales drop of Textile Systems

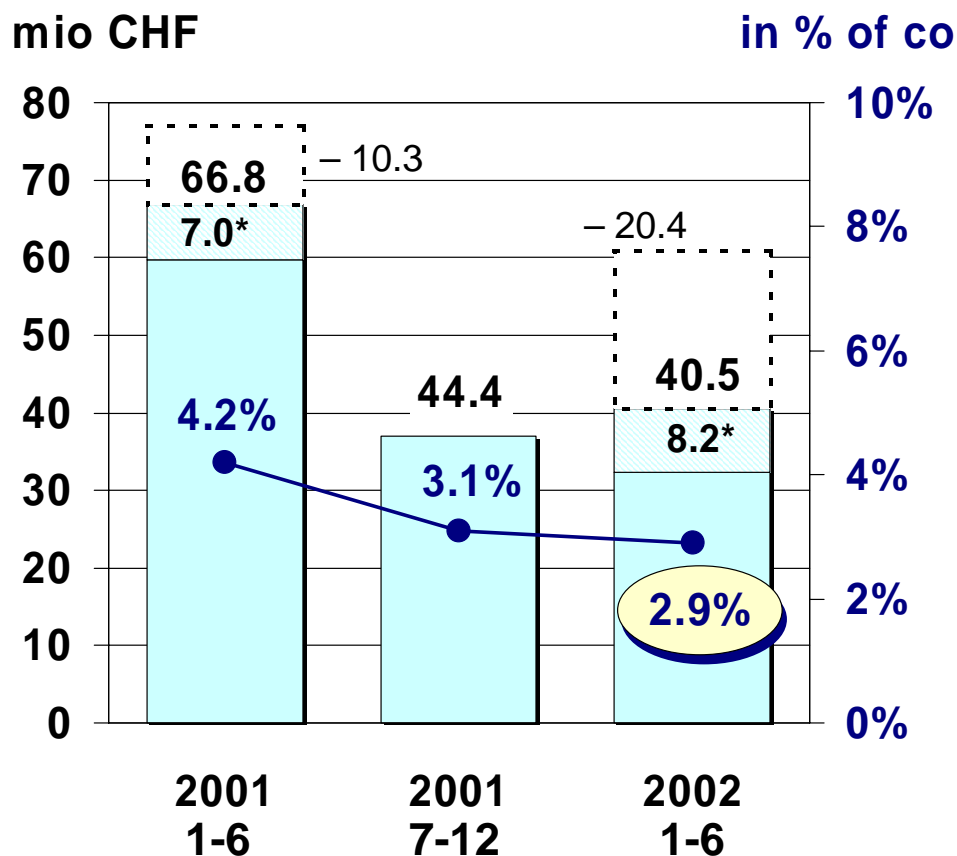




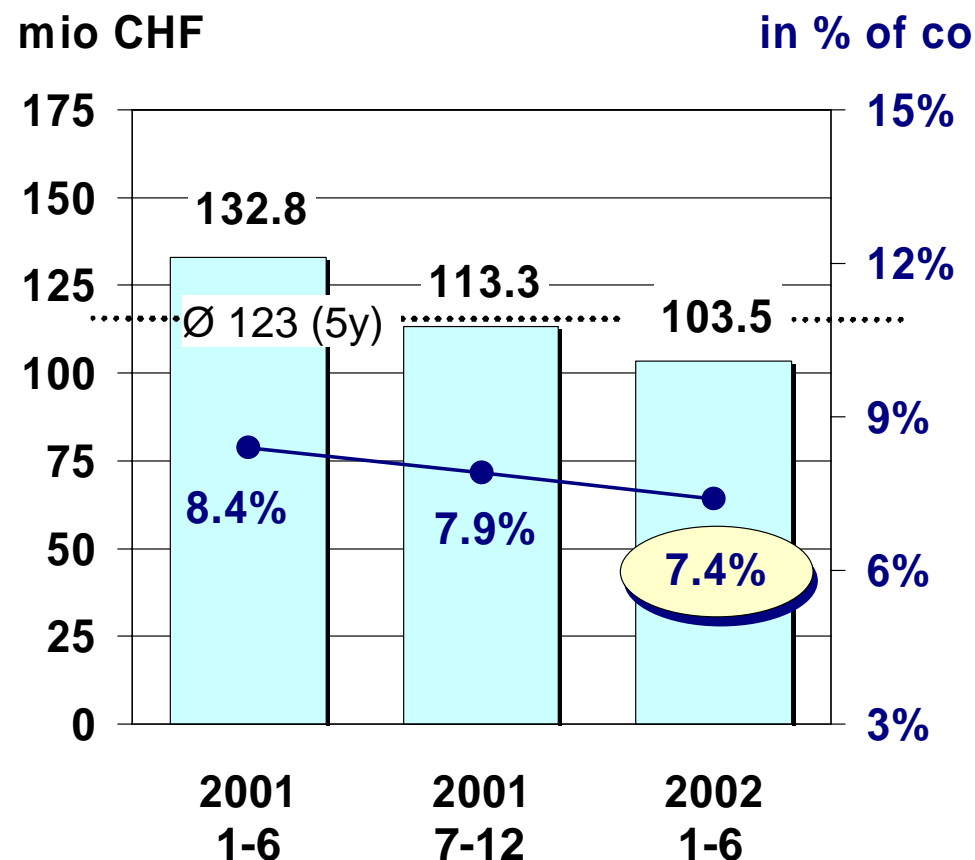
# Cash flow and net profit decline due to textile business slow down and financial result



## Net profit drop also affected by financial income



## Cash flow<sup>1</sup> below 5 year average



Financial result (income ./ cost)

\* minority interests

<sup>1</sup> Net profit + depreciation

		1-6 2002	Change vs. 1-6/2001	
			in mio CHF	in %
<b>Total assets</b>	CHF m	<b>2'281</b>	<b>- 392</b>	<b>- 15%</b>
<b>Equity</b> w/o minorities	CHF m	<b>891</b>	<b>- 40</b>	<b>- 4%</b>
<b>Equity ratio</b>	in %	<b>39%</b>	<b>-</b>	<b>-</b>
<b>Net liquidity</b>		<b>- 13</b>	<b>101</b>	<b>n.a.</b>
<b>Gearing</b> (net debt / equity)	in %	<b>1.5%</b>	<b>-</b>	<b>-</b>
<b>Capex</b>	CHF m	<b>51.9</b>	<b>- 2.6</b>	<b>- 5%</b>

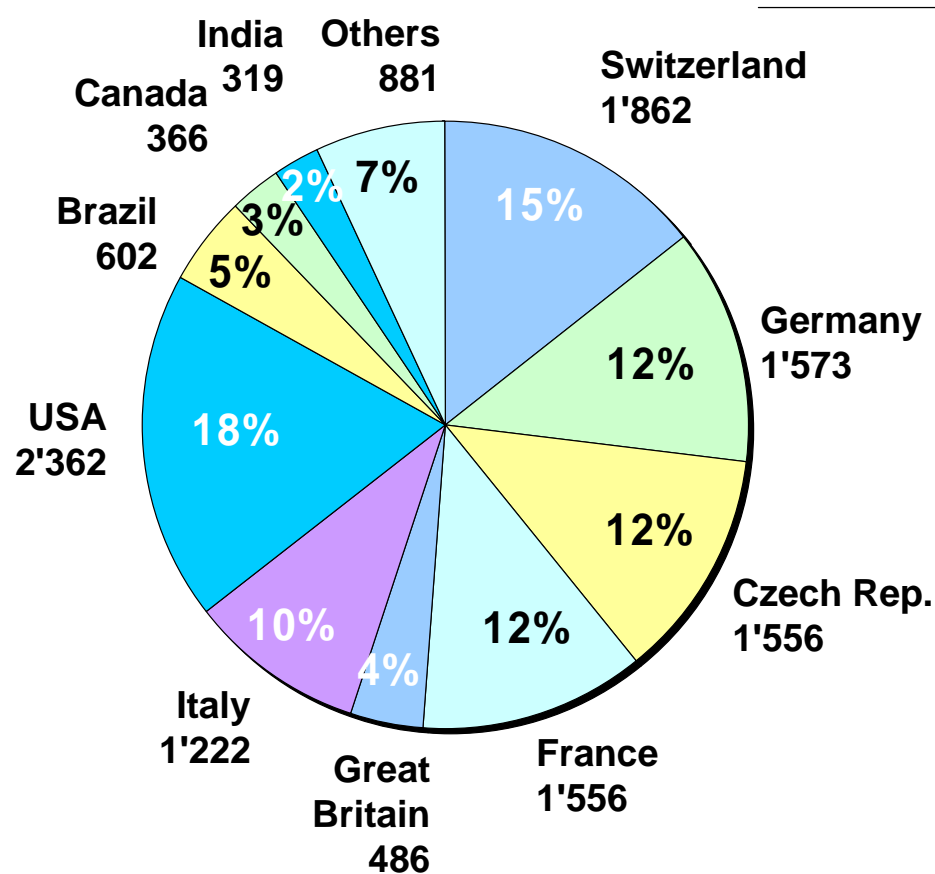
### Comment

- **Total assets down due to substantial reduction in**  
- inventory (-65 mio CHF)  
- receivables (-106 mio CHF)  
- currency effects (\$, Euro)
- **Equity ratio with 39% in target range even after deduction of goodwill (160 mio CHF)**

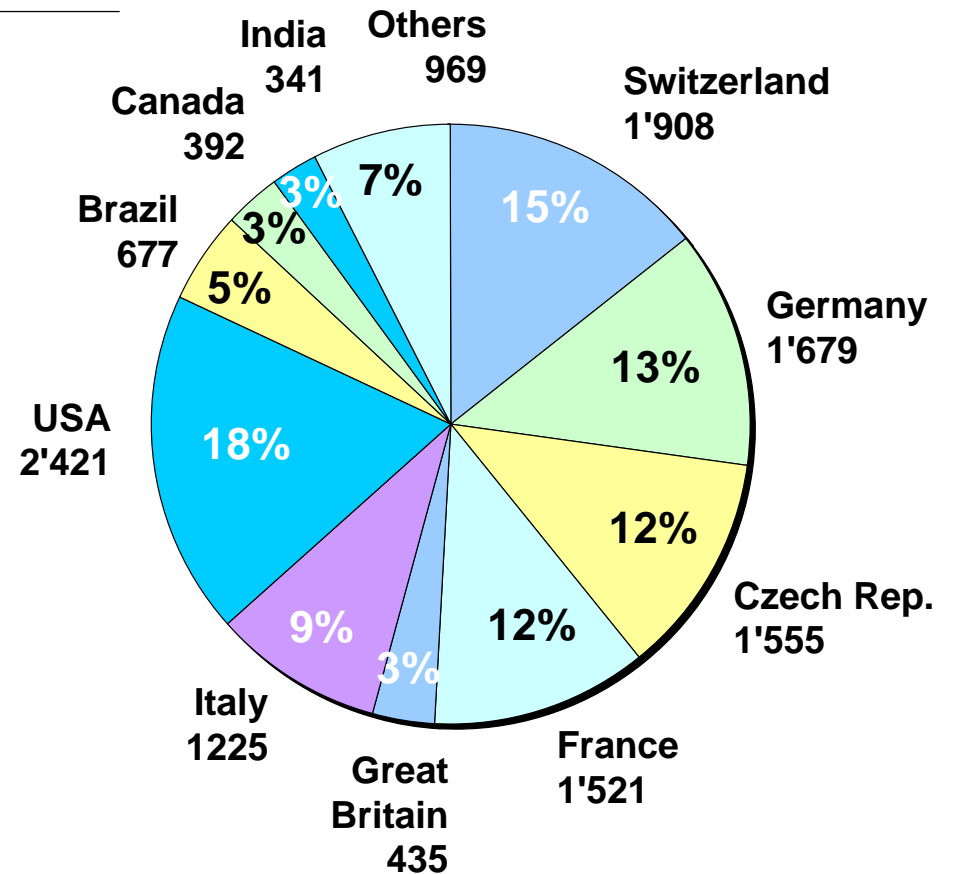
# Global presence: Employees by countries



## First half year



**2002: 12'785**  
(as of June 30)



**2001: 13'123**  
(as of June 30)

# First half of 2002 – Rieter Textile Systems: Sales down but orders up



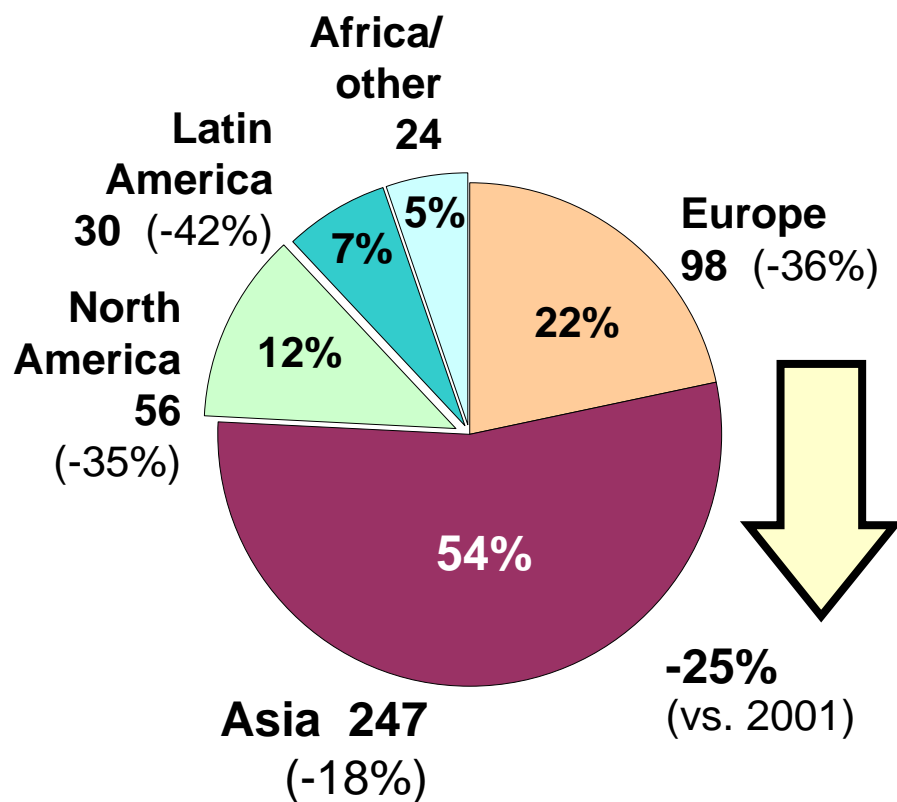
mio CHF	1-6 2002	Change vs. 1-6/2001 in %
<b>Orders</b>	<b>613</b>	<b>13</b>
<b>Sales</b>	<b>455</b>	<b>- 25</b>
<b>EBITA</b>	<b>43.6</b>	<b>- 36</b>
- in % of co	<b>9.8</b>	
<b>EBIT</b>	<b>25.9</b>	<b>- 49</b>
- in % of co	<b>5.8</b>	
<b>Capex</b>	<b>6.3</b>	<b>-51</b>
<b>Employees</b>	<b>4'522</b>	<b>- 3</b>

- Order growth to semester record level of 613 mio CHF
- Despite a substantial sales drop of 25% EBIT of 5.8% achieved based on focused cost management and flexibility
- Chemical fiber business still on unsatisfactory levels
- ComforSpin and new launch of Rotor spinning machine R40 promising

# Rieter Textile Systems: Strong order growth will stimulate second half sales



## First half year sales

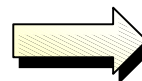


**2002: 455 mio CHF**

**-25%**  
(vs. 2001)

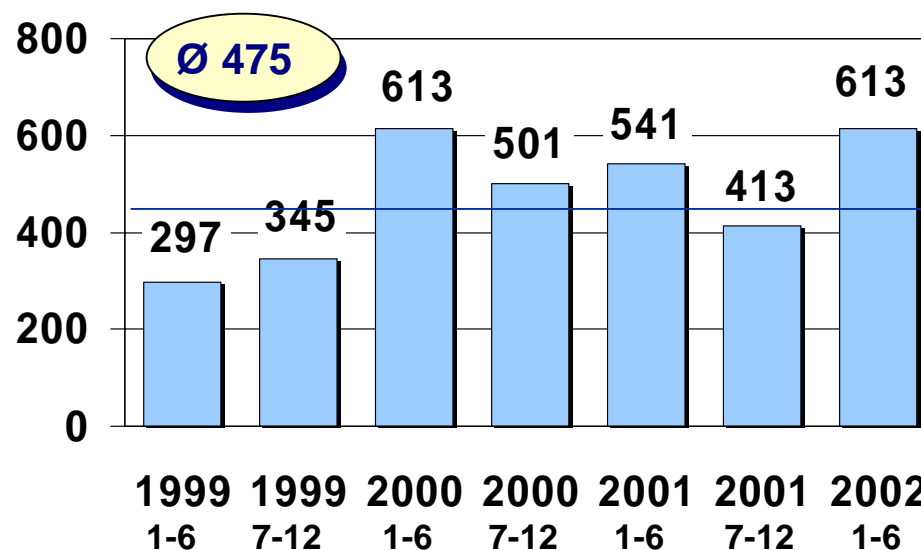
## Half year orders 1-6 2002 up by 13%

Regional importance of orders



- 1 Turkey
- 2 China
- 3 South/East Asia
- 4 Western Europe
- 5 North America

mio CHF



# First half of 2002 – Rieter Automotive Systems: Margin progress in flat markets



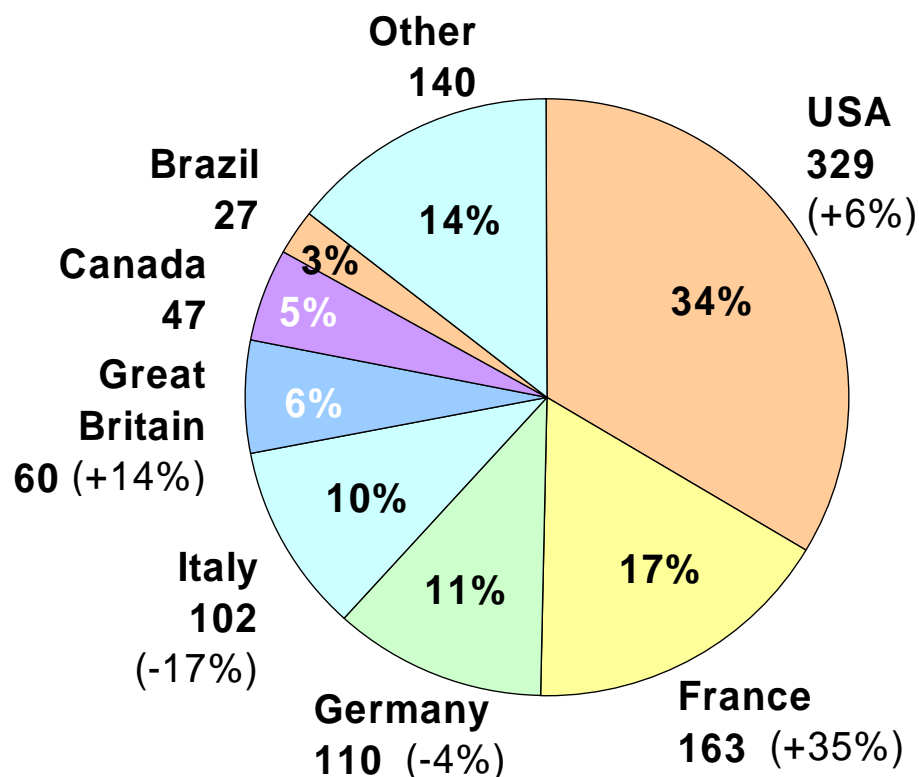
mio CHF	1-6 2002	Change vs. 1-6/2001 in %
<b>Sales</b>	978	-3
<b>EBITDA</b>	109.4	1
- in % of co	11.4	
<b>EBIT</b>	65.6	9
- in % of co	6.9	
<b>Capex</b>	45.2	9
<b>Employees</b>	8'141	-2

- Main markets (North America, Western Europe) flat
- Sales drop only due to currency translation effects (-52.7 mio CHF, -5.2%)
- Substantial EBIT margin improvement realized to 6.9% (+0.8%)
- Rieter Ultra Light now also introduced by Japanese OEM's

# Rieter Automotive Systems Better than expected ...



## ... First half year sales



**2002: 978 mio CHF** ↓ **-3%**  
**(in local currencies)** ↑ **+2%**

## Car production

### First half year

in 1'000 units	1-6 2002	vs. 1-6 2001
Western Europe	8'087	-3.9%
North America	8'600	+5.3%

### Forecast full year 2002

in mio units	2002 forecast	% change vs 2001
Western Europe	16.4	-3%
North America	16.3	+5%
Eastern Europe	3.0	0
Latin America	2.1	-1%

## Management Team

		<u>w / Rieter</u>	<u>Background</u>
<b>Rieter Group</b>	<b>CEO Hartmut Reuter</b>	<b>5y</b>	<ul style="list-style-type: none"><li>- Industrial engineer</li><li>- Automotive background</li><li>- Head of Corporate Center</li></ul>
<b>Textile Systems</b>	<b>CEO Peter Gnägi</b> succeeding Erwin Stoller	<b>12y</b>	<ul style="list-style-type: none"><li>- Industrial engineer</li><li>- Head Spun Yarn Systems</li></ul>
<b>Automotive Systems</b>	<b>CEO Erwin Stoller</b> replacing Matti Paasila (Matti Paasila to head as CEO Sarna Group)	<b>24y</b>	<ul style="list-style-type: none"><li>- Mechanical engineer</li><li>- CEO Textile Systems</li></ul>

## Business Outlook 2002

<b>Textile Systems</b>	<ul style="list-style-type: none"><li>- Sales, EBIT below 2001</li><li>- Improving business in 2nd semester 2002</li></ul>
<b>Automotive Systems</b>	<ul style="list-style-type: none"><li>- In a flat market sales slightly below 2001 (market, currencies)</li><li>- EBIT above 2001</li></ul>



# First half year results 2002

## Key data per share



Rieter registered shares of 10 CHF nominal value Bloomberg: RIEN, Reuters: RITZn		2002	2001	Change in %
<b>Shares outstanding with dividend rights (per June 30)</b>		<b>4'090'093</b>	<b>4'061'427</b>	<b>0.7</b>
<b>Average shares (of period)</b>		<b>4'072'075</b>	<b>4'092'753</b>	<b>- 0.5</b>
<b>Earnings per share <sup>1</sup> after minorities</b>	CHF	<b>7.93</b>	<b>14.62</b>	<b>- 46</b>
<b>Cash flow per share after minorities</b>	CHF	<b>23.40</b>	<b>30.76</b>	<b>- 24</b>
<b>Share price (high/low)</b>	CHF	<b>406/333</b>	<b>493/409</b>	

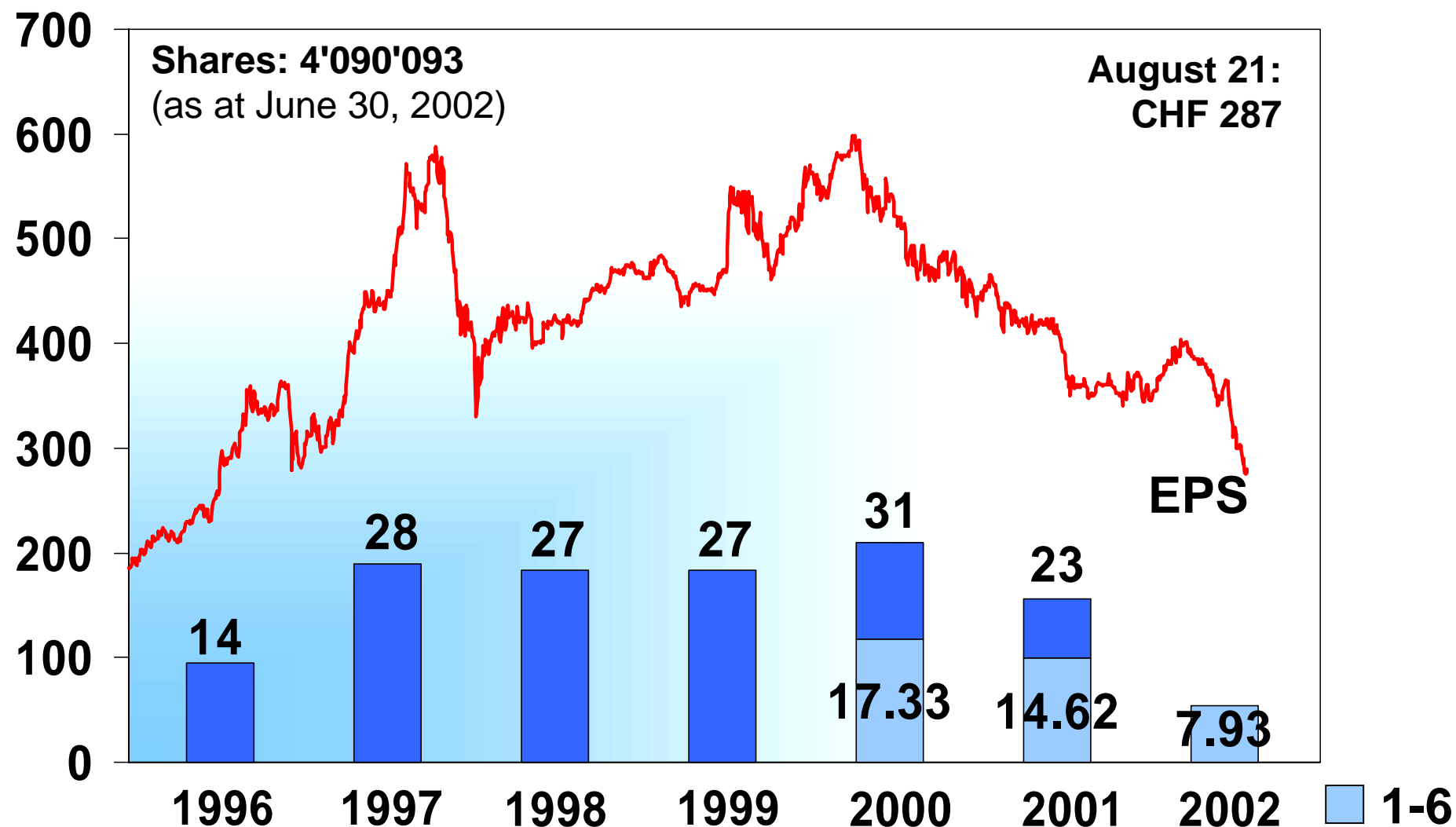
<sup>1</sup> Not included 325'370 <sup>1</sup> potential shares ex convertible bond issue, due October 2002.

# Price Rieter registered shares

## Earnings per share



### Rieter share price in CHF



# Group performance: First half year results 2002



	January-June 2002	January-June 2001	Change in %
<b>mio CHF</b>			
<b>Sales</b>	1'439 <sup>1</sup>	1'625	– 11
<b>EBIT</b>	87.9	110.0	– 20
<b>Net profit</b>	40.5	66.8	– 39
<b>Minorities</b>	– 8.2	– 7.0	17
<b>Total assets</b>	2'281.2	2'673.4	– 15
<b>Equity w/o minorities</b>	890.6	930.5	– 4
<b>Number of employees</b>	12'785	13'123	– 3

<sup>1</sup> 2001: includes 6 months Novibra, 6 months ICBT

**All statements in this report which do not refer to historical facts are statements related to the future which offer no guarantee with regard to future performance; they are subject to risks and uncertainties including, but not confined to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control.**