

# Rieter Group

## 2003 Mid-Year Update

**Dr. Hans Rudolf Widmer**

Member of the Executive Board  
Chief Financial Officer

*July 21, 2003*

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

- **Improved Group EBIT margin of 7%**

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- **Textile Systems with 8.9% EBIT to achieve a new high**
  - after weak(er) first semester 2002
  - continued introduction of new products

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- **Automotive with higher EBIT of 6.1%**
  - operational improvements
  - 3.3% growth of sales in local currencies

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- **Continued benchmark cost management**

# 2002: Key Figures and Achievements

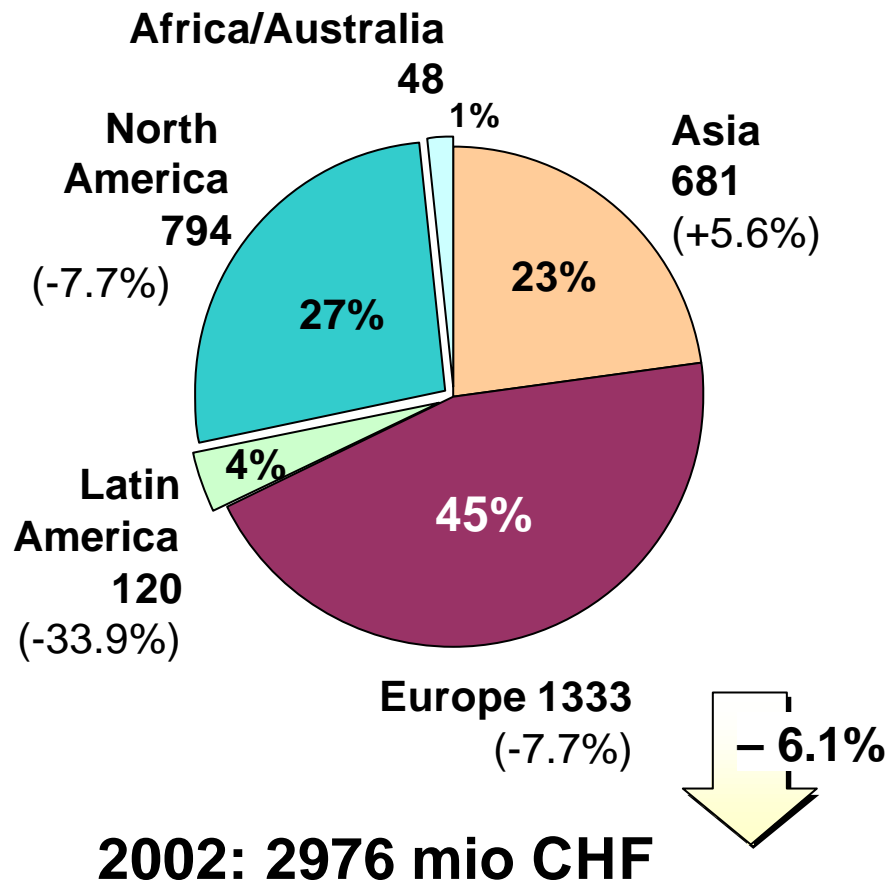


## Rieter Group

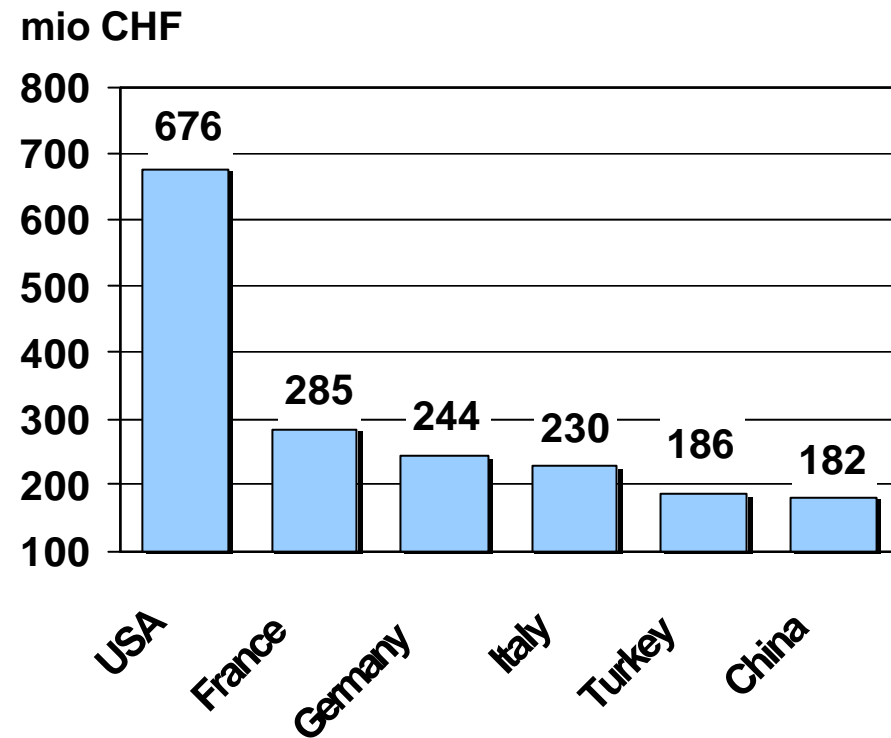
mio CHF	2002	Change in %
<b>Orders</b>	2999.8	3.9
<b>Sales</b>	2976.2	-6.1
<b>EBITDA</b>	318.8	-5.4
<b>EBIT</b>	200.9	-1.5
- in % of corp. output	7.0	
<b>Net profit</b>	83.8	-24.6
<b>Employees</b>	12'983	0.0

- Orders up 3.9%
- Sales drop of 6.1% mainly currency related (-4.2%)
- Strong operational performance in both divisions despite adverse market conditions
- EBIT margin of 7.0% driven by strong performance of Textile division (8.9%)
- Automotive EBIT improved to 6.1%
- Net profit down on financial income and higher tax margin

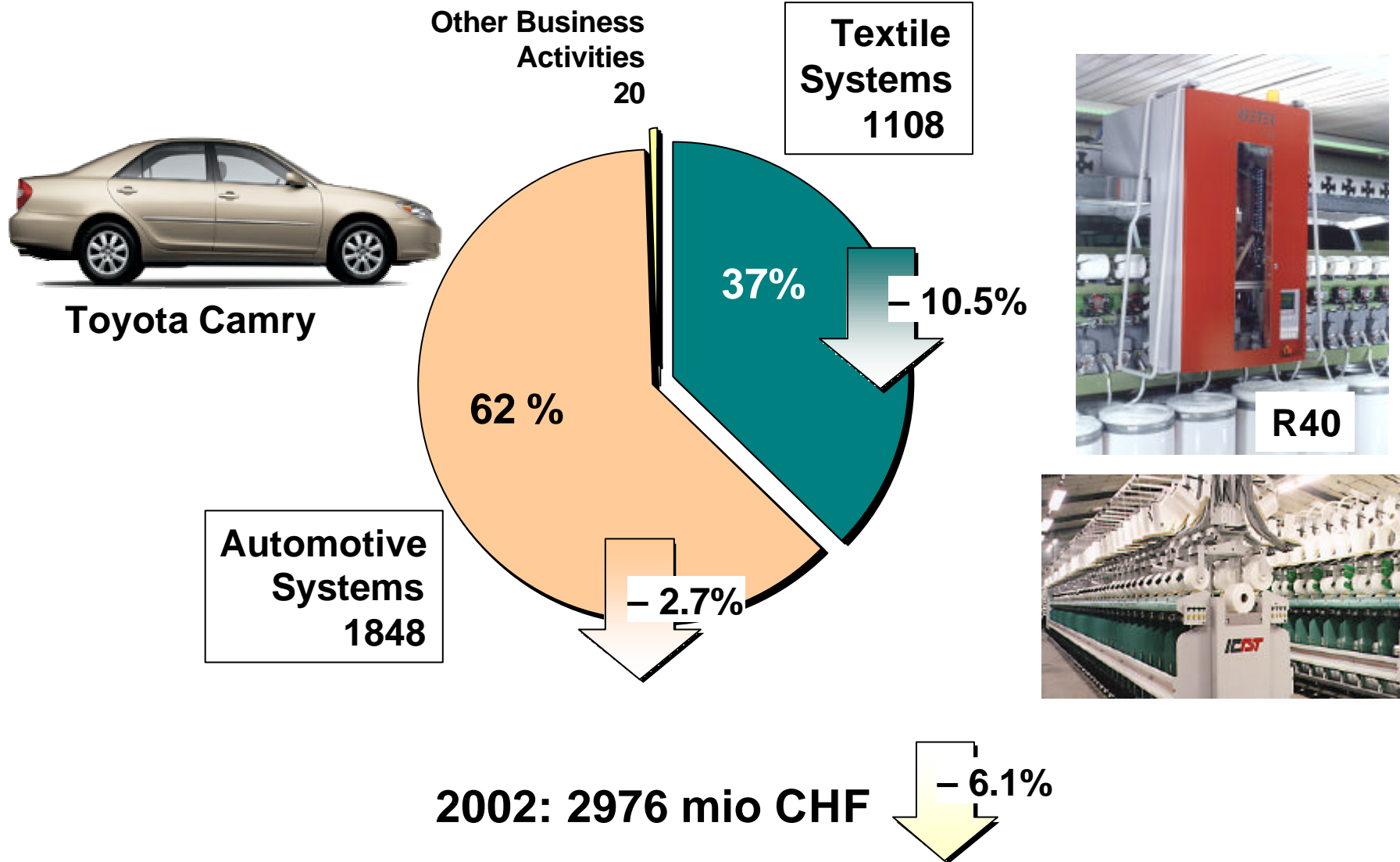
## 2002 Sales (in mio CHF)



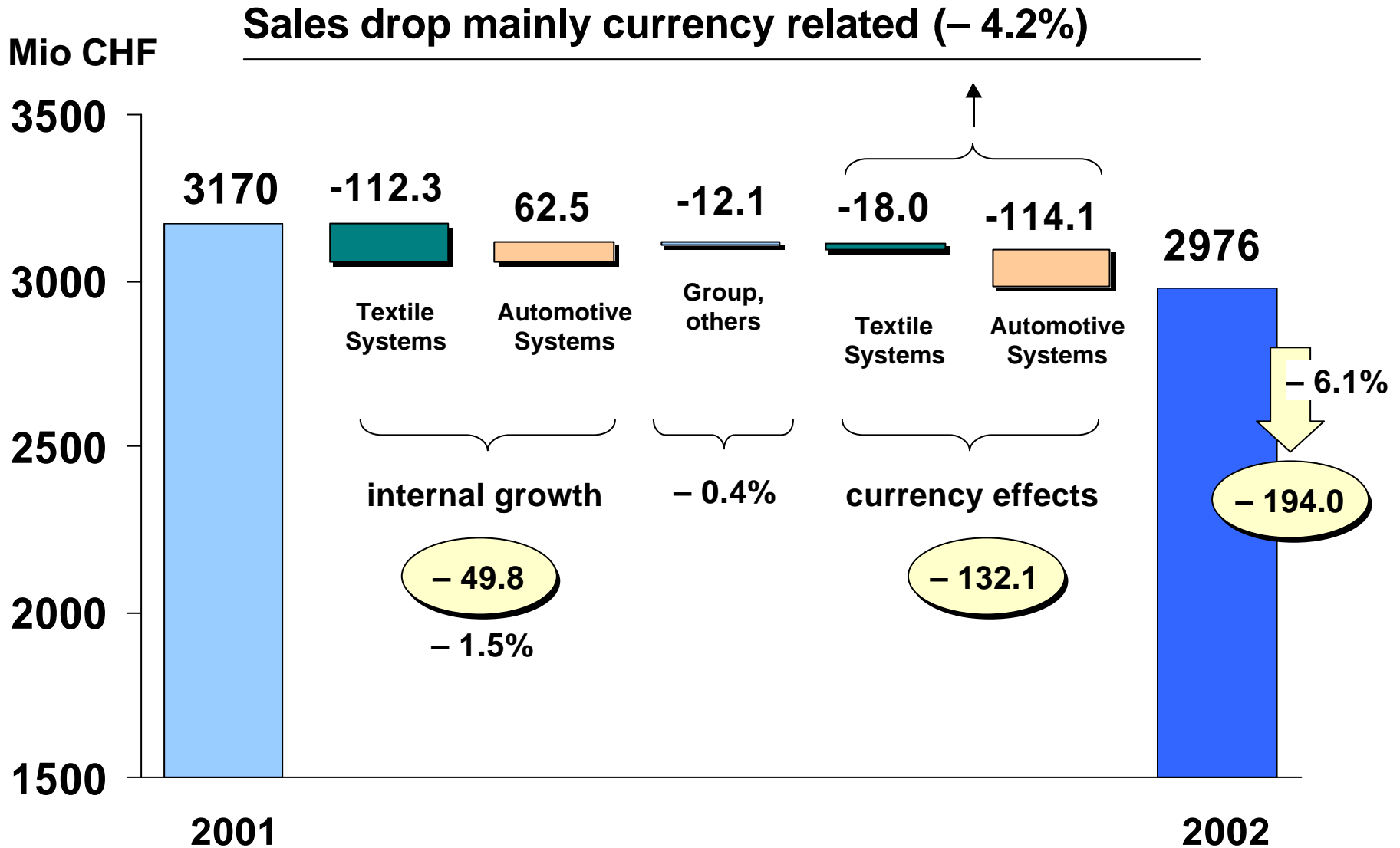
## Most important Countries



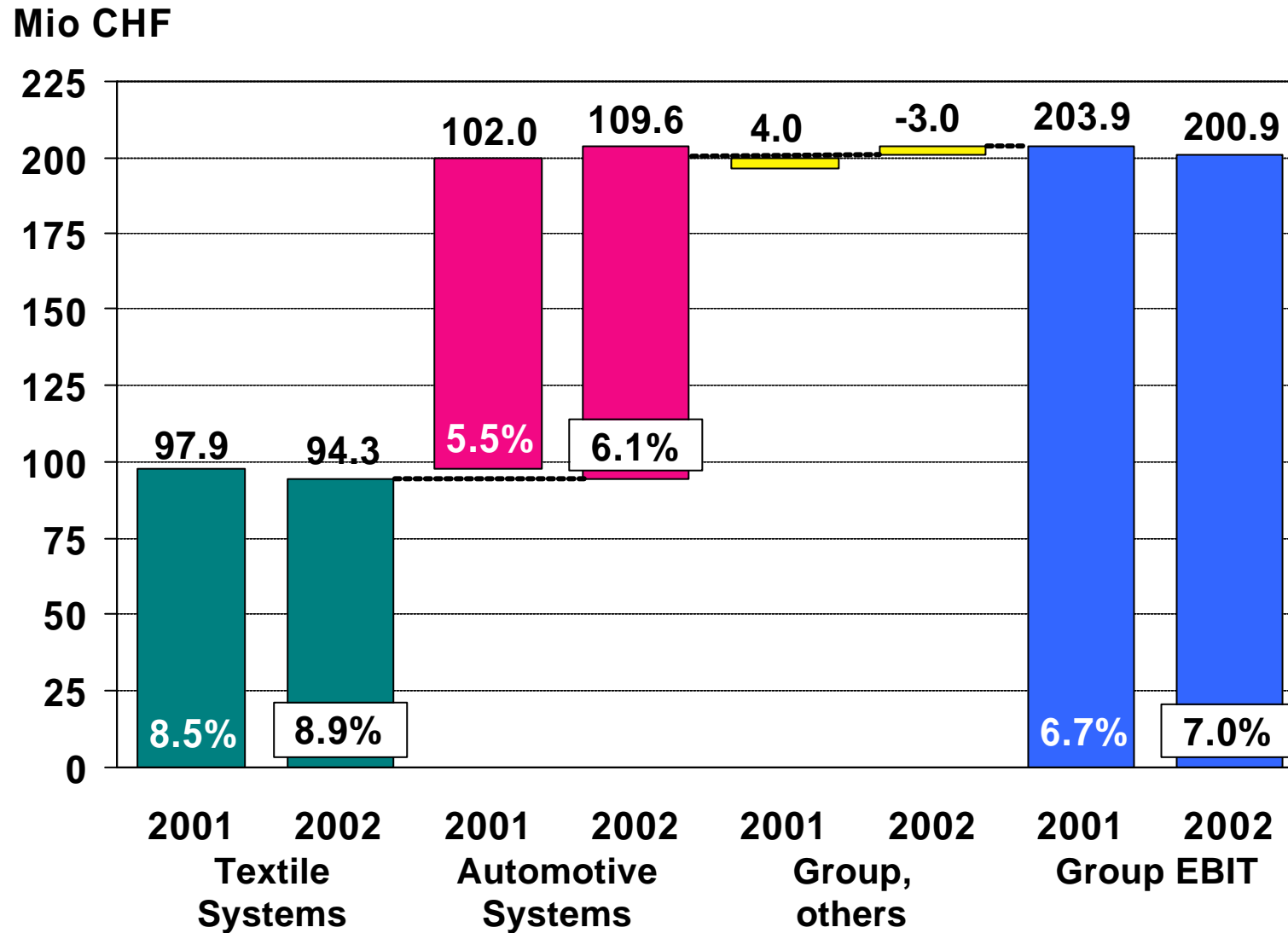
# Main Activities



# 2002: Sales Decline of 6.1%



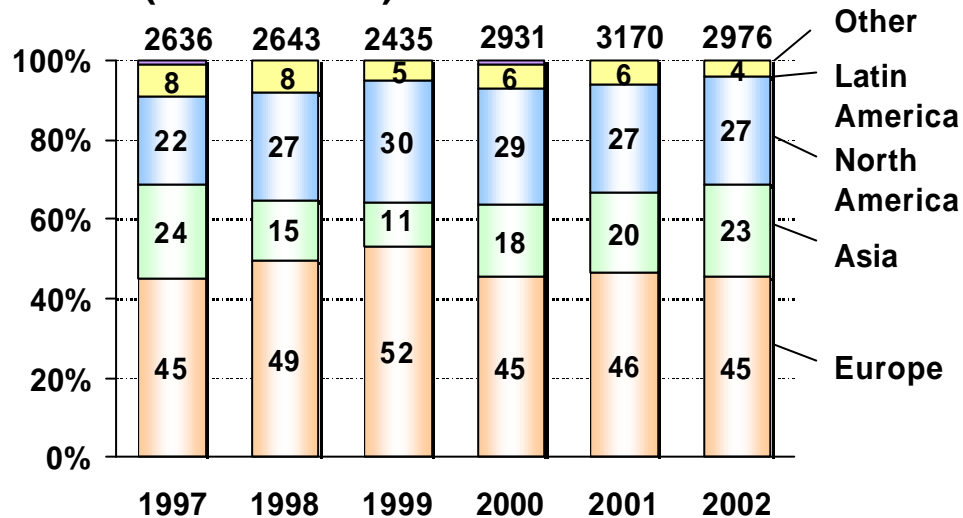
# 2002: Group Margin 7% achieved



# 2002: Operational Performance at Prev. Year Level

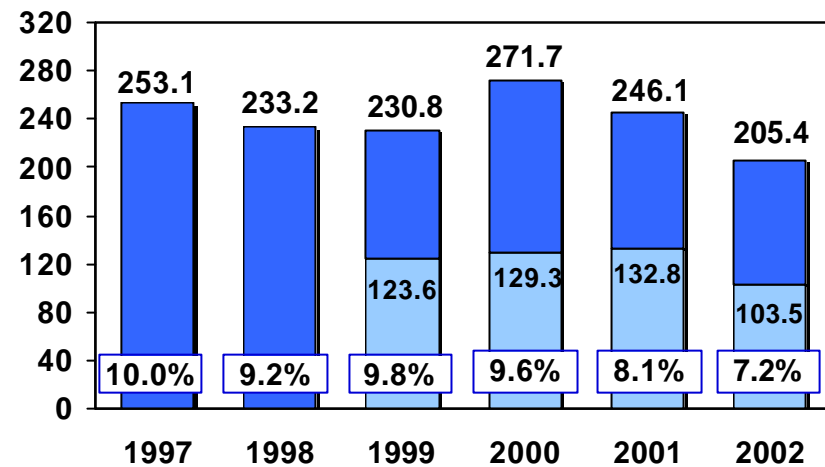


### Sales (in mio CHF)

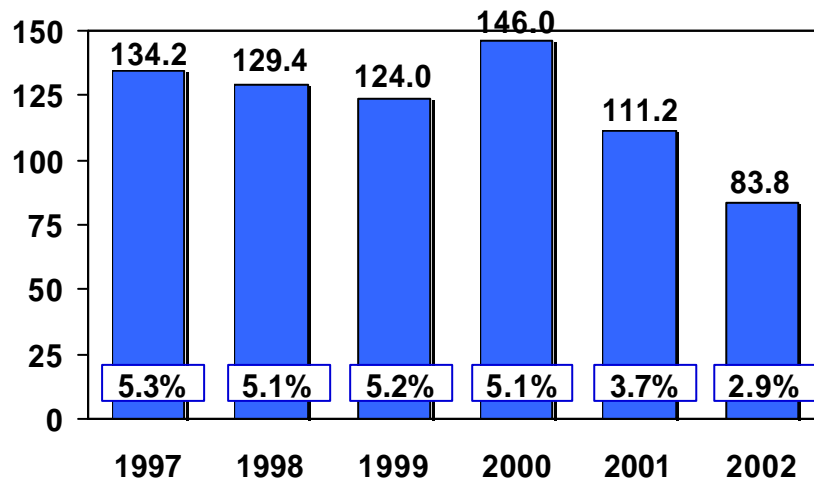


### Cash flow (in mio CHF)

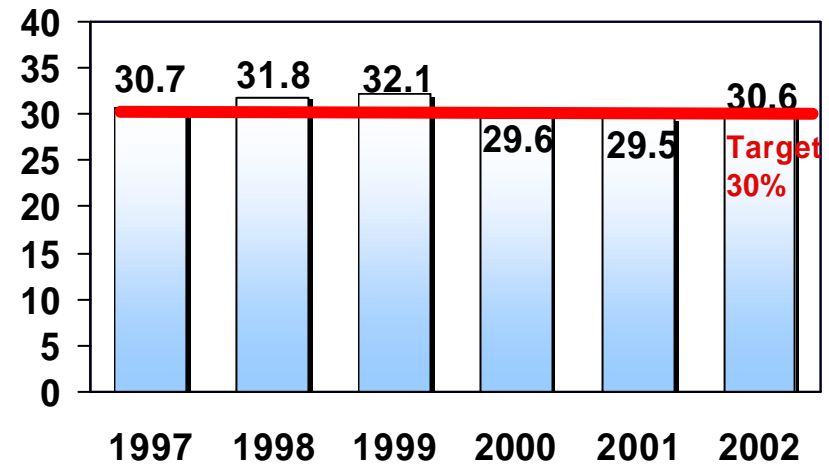
(depreciation + profit after tax)



### Profit after tax (in mio CHF)



### Employee costs (in % of corporate output)



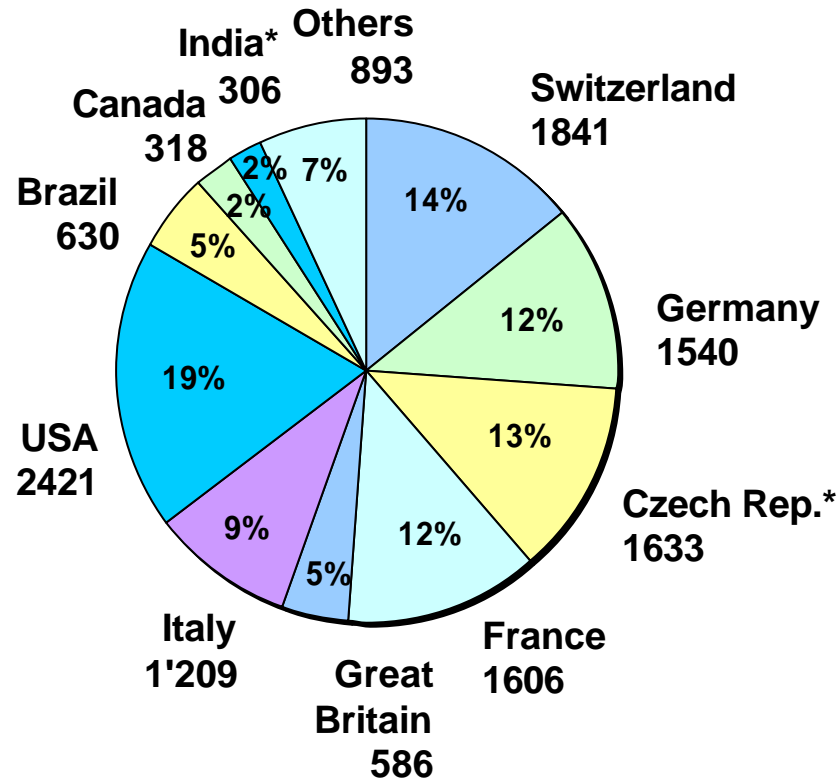


## 2002 Strong Balance Sheet Ratios

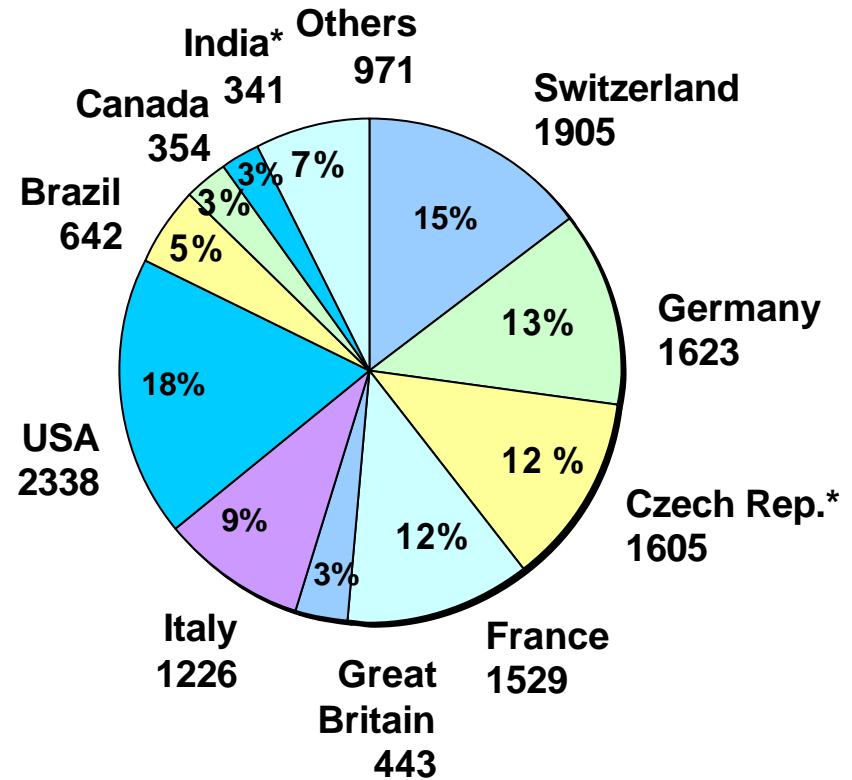


Rieter Group	2002	2001
<b>Equity ratio</b>	<b>39.3%</b>	<b>39.0%</b>
<b>Goodwill in % of total assets</b>	<b>7.2%</b>	<b>7.2%</b>
<b>Net liquidity (in mio CHF)</b>	<b>15.0</b>	<b>– 46.8</b>
<b>Gearing (net debt / equity)</b>	<b>11.4%</b>	<b>5.2%</b>
<b>Interest cover (EBITDA / interest cost)</b>	<b>11.7x</b>	<b>17.9x</b>

# Rieter: A Global Active Company

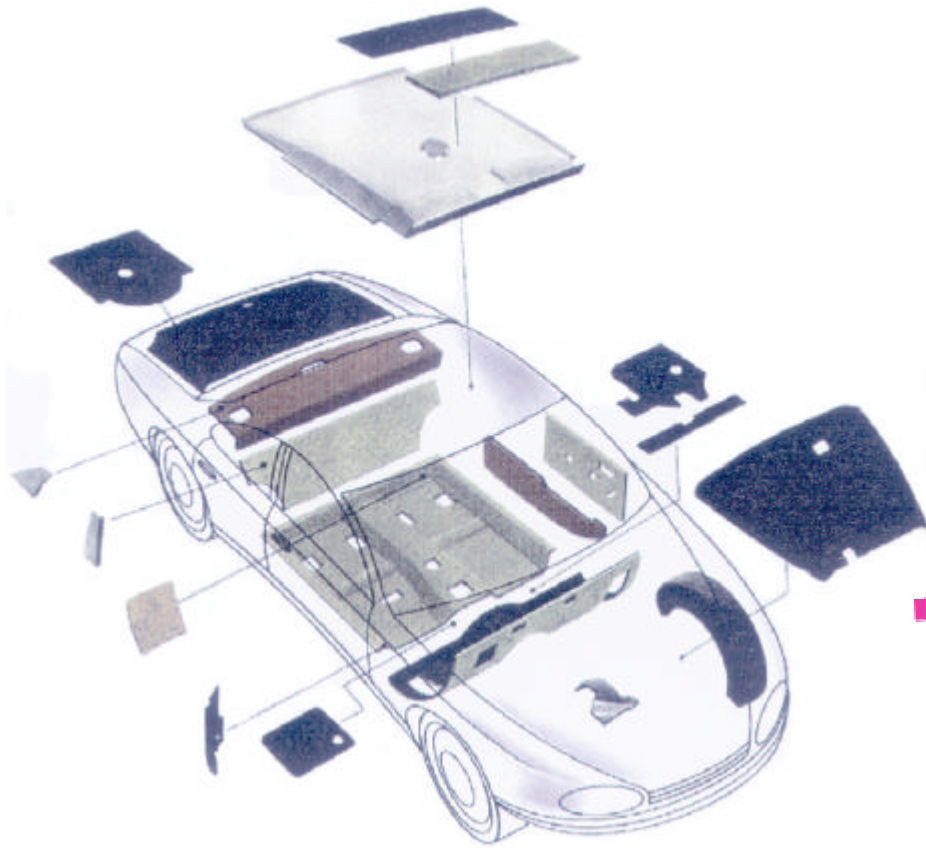


**2002: 12'983**



**2001: 12'977**

**\* 15% of employees in low cost countries**



### Rieter Core Competences

- Automotive Acoustics
- Automotive Thermal Management

Rieter Automotive, as **Acoustics Integrator**, takes a comprehensive approach to **optimize the acoustic behaviour of the entire vehicle.**

## 2002: EBIT Improved to 6.1%



### Rieter Automotive Systems

mio CHF	2002	Change in %
<b>Sales</b>	1848.2	-2.7
<b>EBITDA</b>	191.7	-0.7
<b>EBIT</b>	109.6	7.5
- in % of corp. output	6.1	
<b>Assets</b>	1110.9	-4.2
<b>Liabilities</b>	721.1	-0.7
<b>Capex</b>	121.1	+25.2

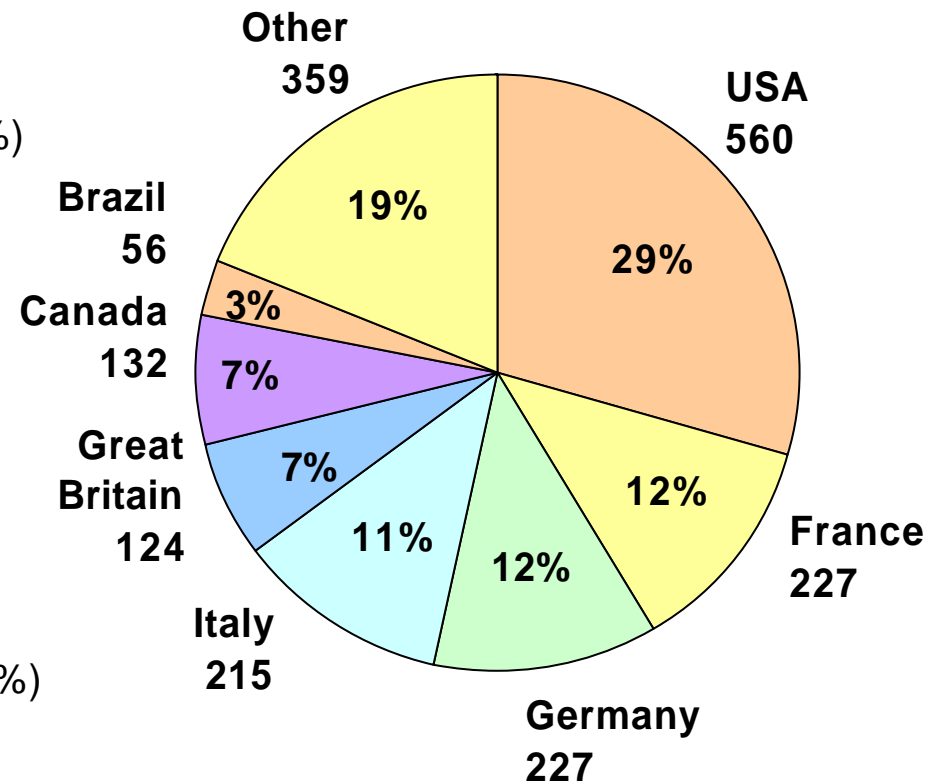
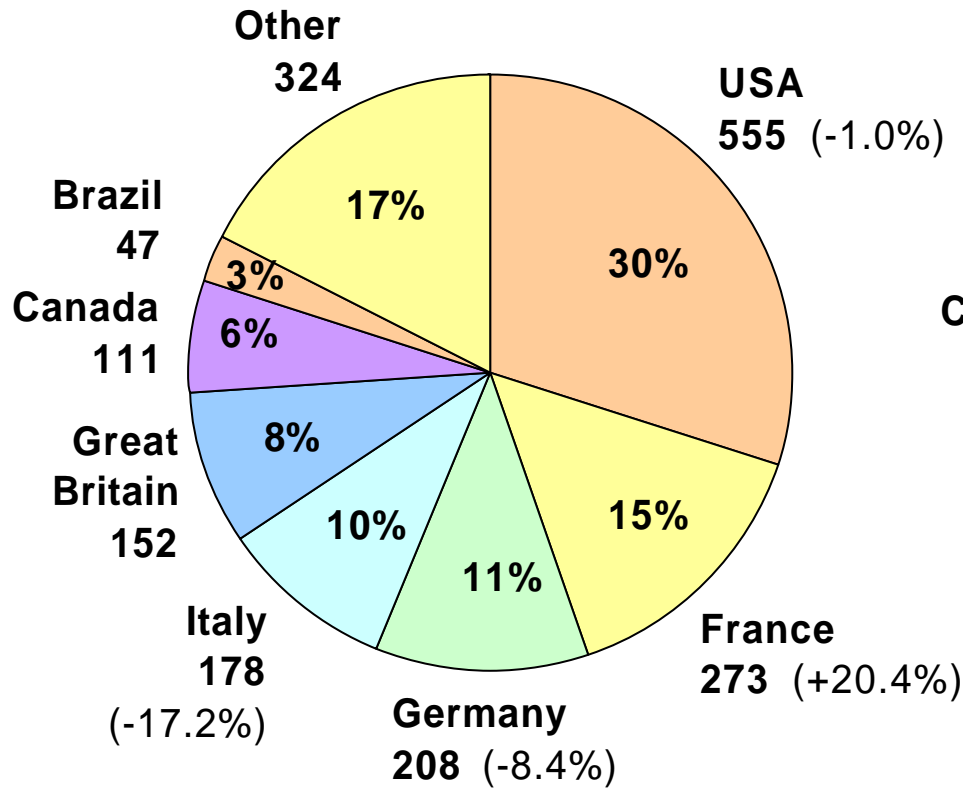
- Above market growth in local currencies (+3.3%)
- Currency impact on sales of - 6.0% due to North American market exposure
- EBIT margin improvement to 6.1%
- Two new plants in North America

# Rieter Automotive Systems Sales



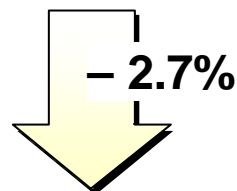
Geographically well diversified

in mio CHF



**2002: 1848 mio CHF**

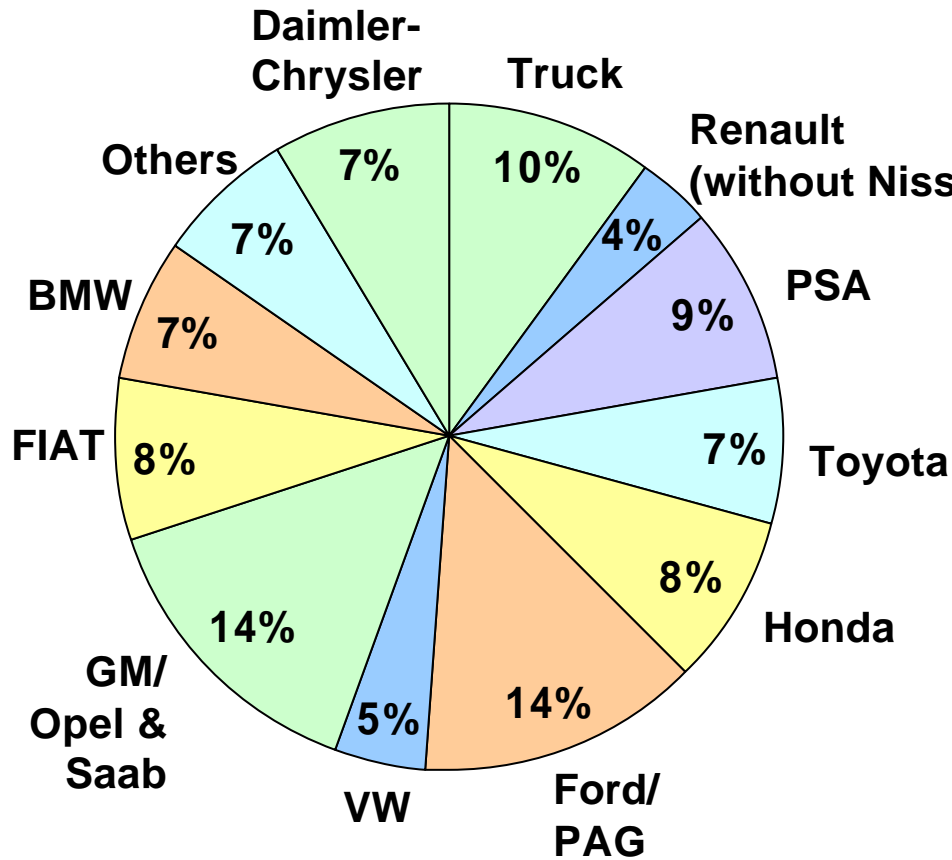
**2001: 1900 mio CHF**



# Automotive Systems: Sales by Customers



3 biggest accounts: Ford, GM, PSA



2002: 1848 mio CHF

2002:  
New models

Citroen C3 / Pluriel



Volvo XC90



Mini



GM Trailblazer



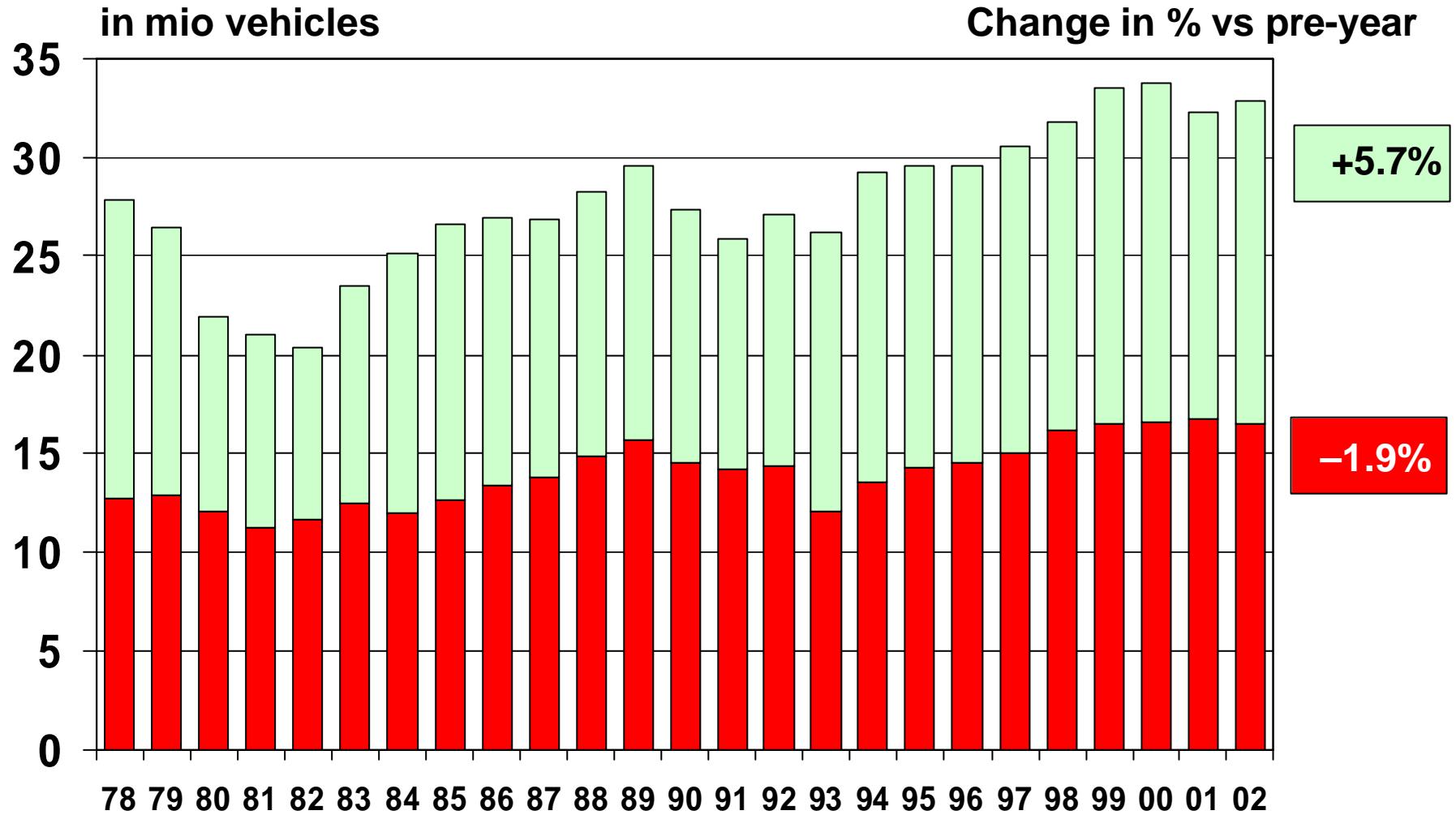
Rolls-Royce Phantom



Toyota Camry



# Light Vehicle Production

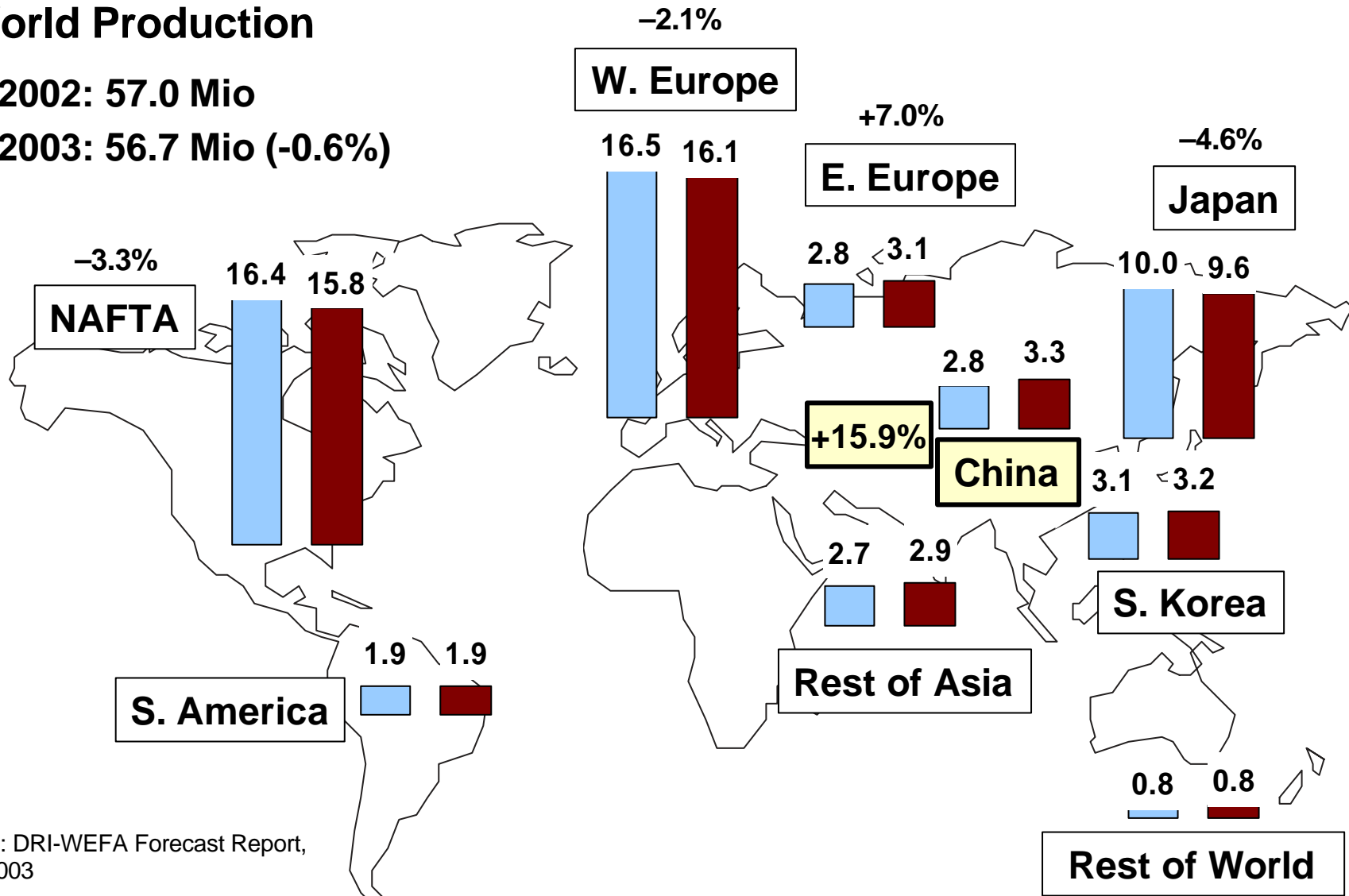


Source: DRI World Car Industry Forecast, March 2003

# Global Light Vehicle Production: Main Markets Down **RIETER**

## World Production

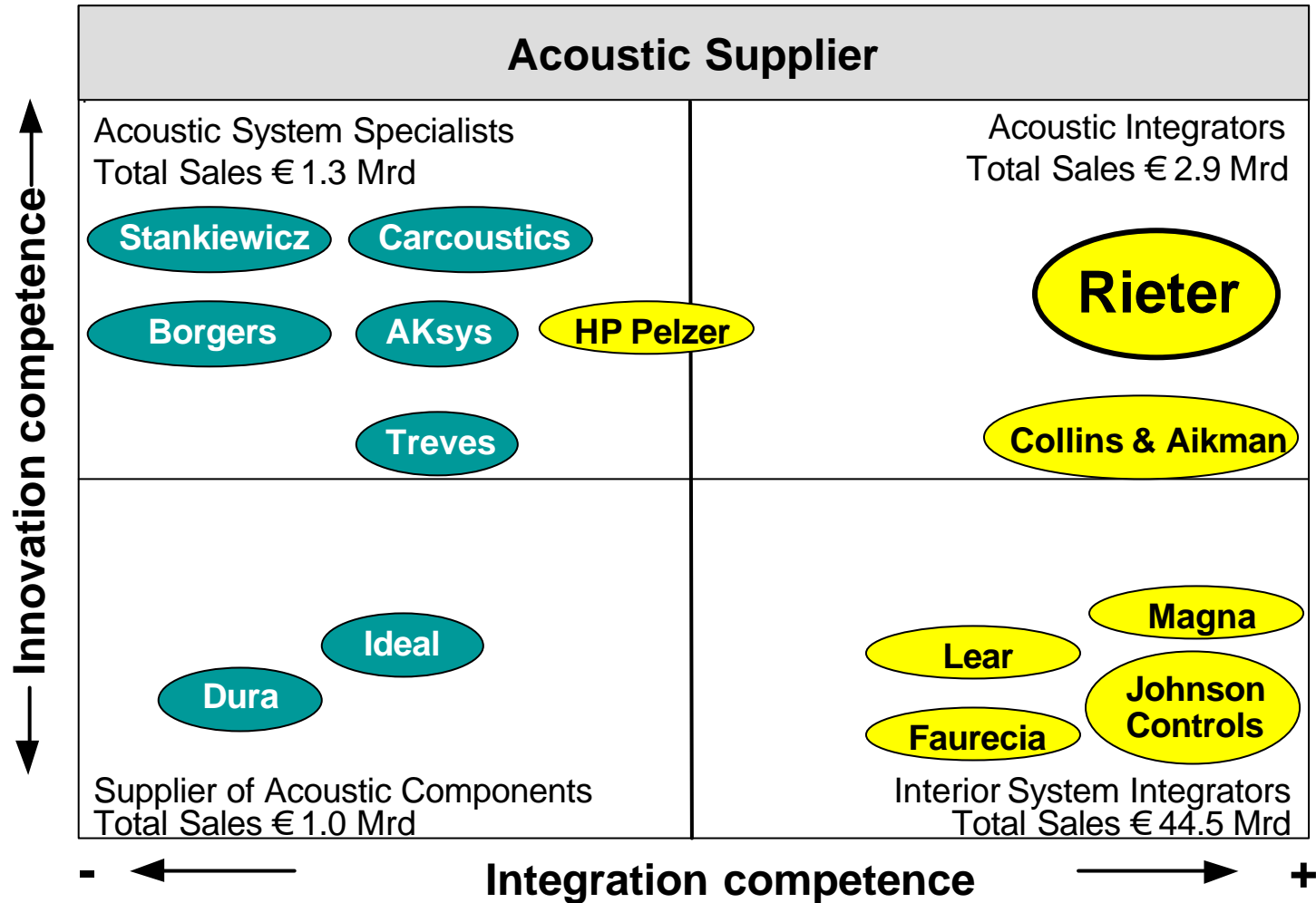
■ 2002: 57.0 Mio  
■ 2003: 56.7 Mio (-0.6%)



Source: DRI-WEFA Forecast Report, June 2003



## ... of Acoustics Suppliers



Source: Mercer Analysis 2002

● Only Europe    ● Global

# Market for Acoustic Components (in Euro)



Segments	Product group	Presence Rieter	Market size in Mia (2002)	Growth rate p.a. (2005)	Rieter priority
	• Underfloor	✓	0.7	1.8%	1
	• Vibration	–	0.4	2.8%	–
Engine	• Engine	✓	2.5	7.6%	1
Interior	• Carpet	✓	1.4	2.0%	1
	• Trunk	✓	1.3		2
	• Instrument panel	✓	1.2		✓ Damping only
<b>Total</b>			<b>7.5</b>		

## Market size (2002)

## Value per car (in Euro)

Western Europe		2.2 Mia €	145
Nafta		2.2 Mia €	116
Japan, Korea		1.7 Mia €	143
Rest of world		1.4 Mia €	120

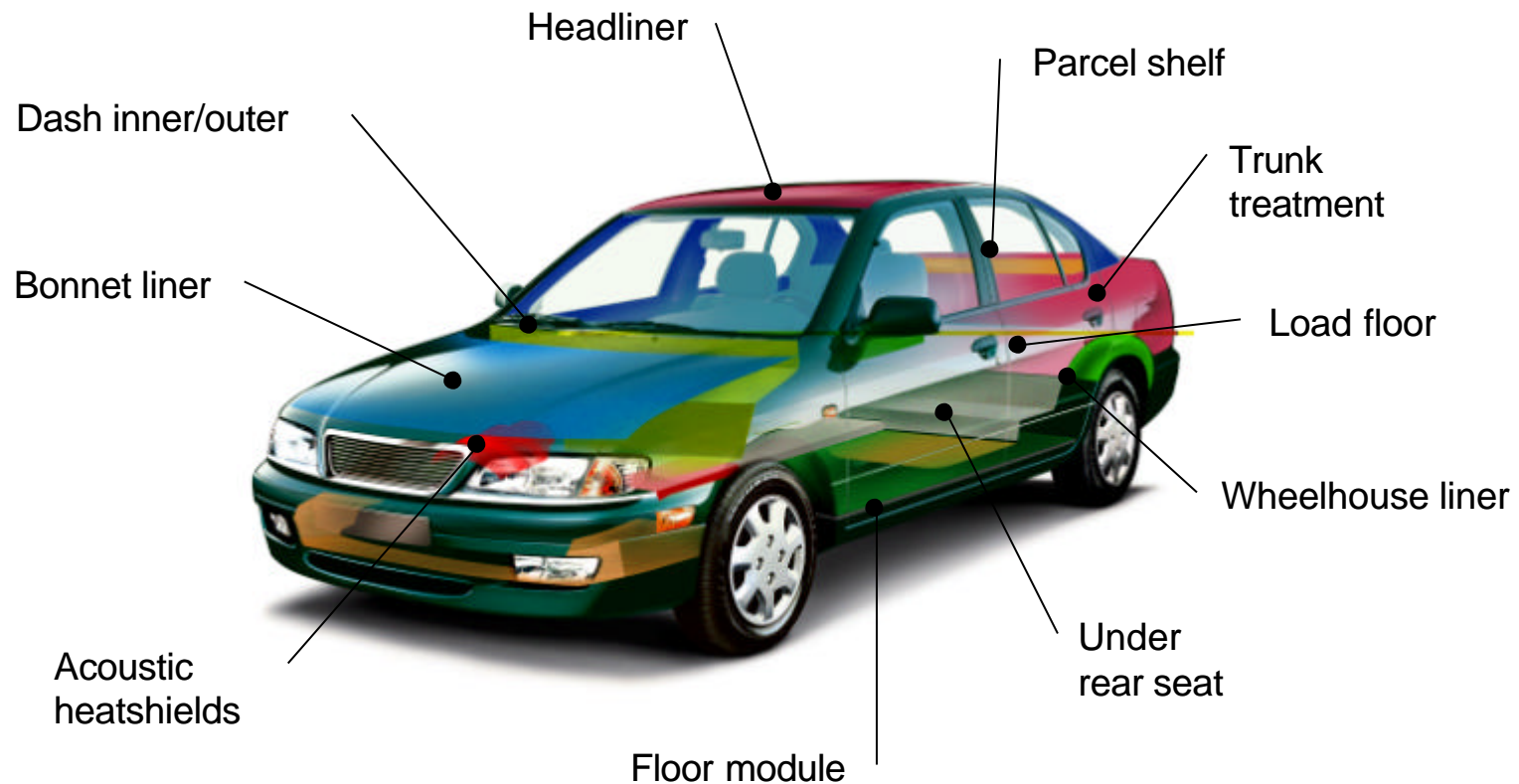
Source: Mercer 2001

# Innovation: Rieter Ultra Light



## Pace Award Winner 2000

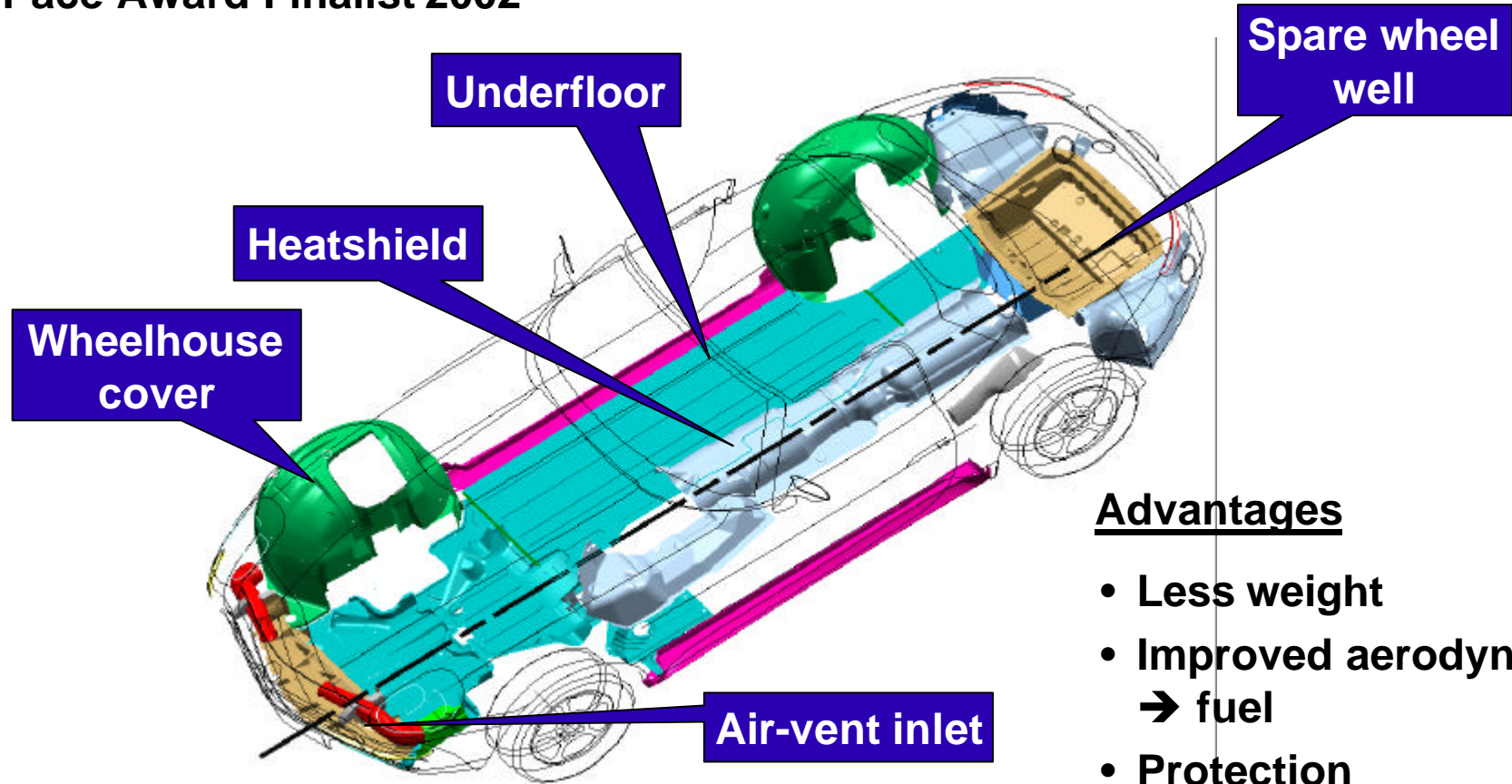
Less weight up to 40 percent with same acoustic characteristics



# Innovation Underfloor Module



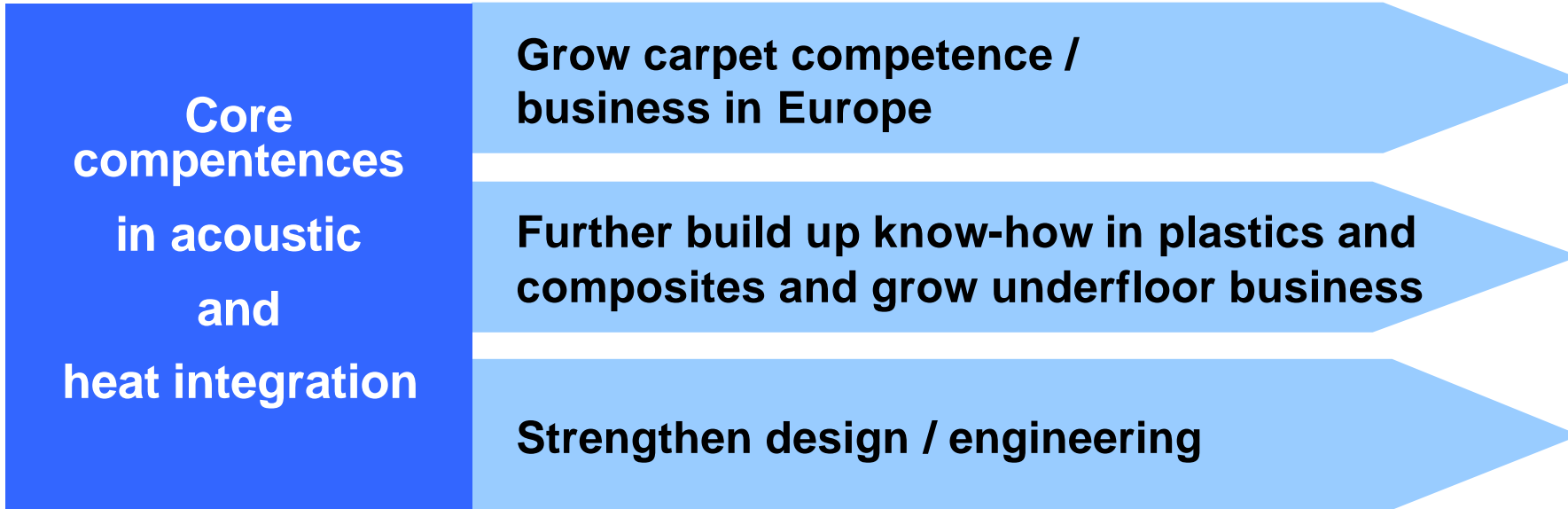
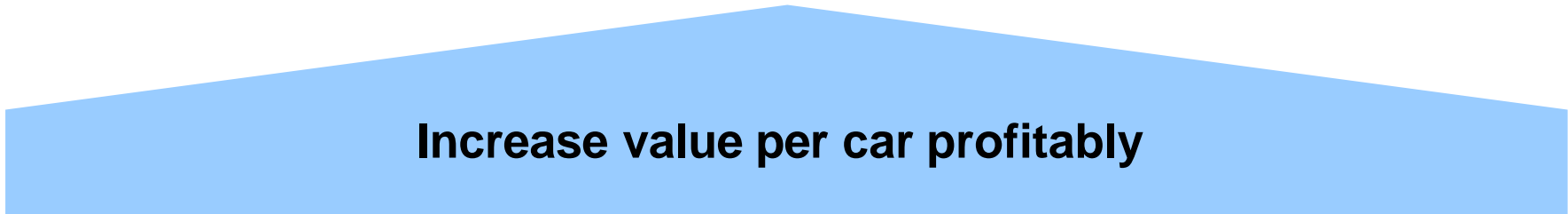
Pace Award Finalist 2002



## Advantages

- Less weight
- Improved aerodynamics  
→ fuel
- Protection
- Recycling

- Mercedes A-Class
- Skoda Fabia

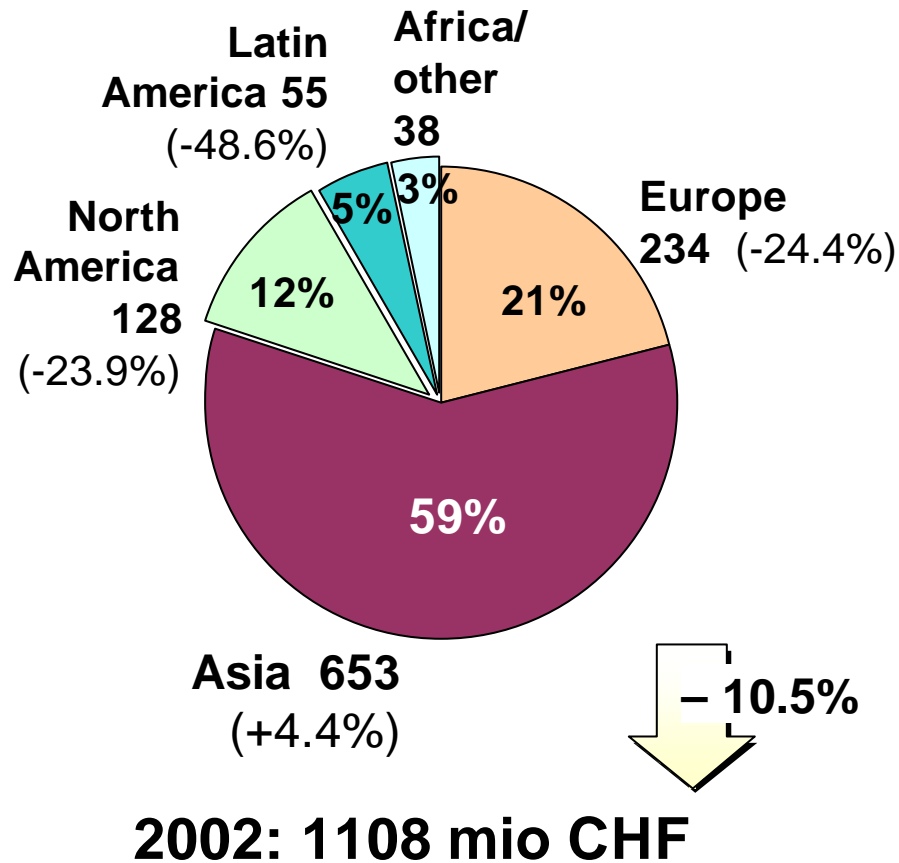


## Year of confirmation

mio CHF	2002	Change in %
<b>Orders</b>	1131.9	18.6
<b>Sales</b>	1108.2	-10.5
<b>EBITDA</b>	129.2	-7.1
<b>EBIT</b>	94.3	-3.7
- in % of corp. output	8.5	
<b>Assets</b>	985.7	-0.1
<b>Liabilities</b>	582.2	-0.5
<b>Capex</b>	34.9	-15.3

- **Orders up 18.6%**
- **EBIT margin of 8.9% despite weaker first semester**
- **Acquired Suessen business fully integrated**
- **New technology including Rieter ComforSpin as backbone for 2003**

## 2002 Sales (in mio CHF)

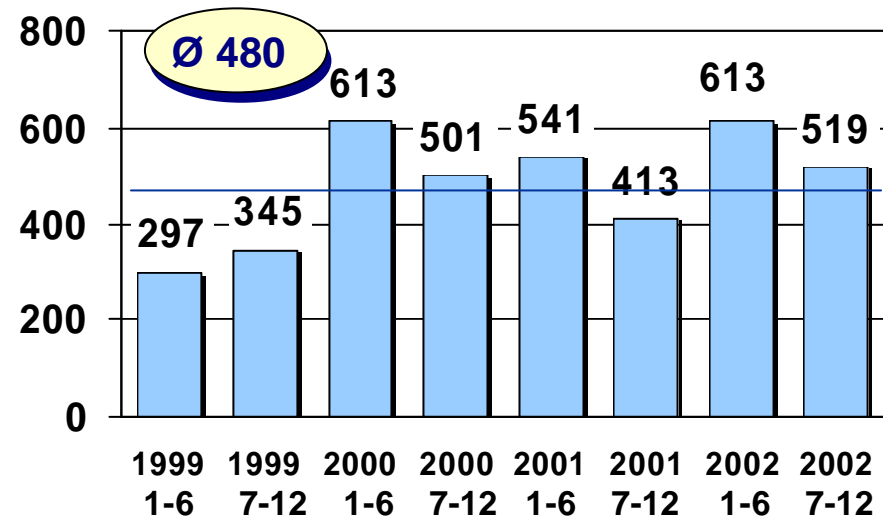


## 2002 Orders up 18.6%

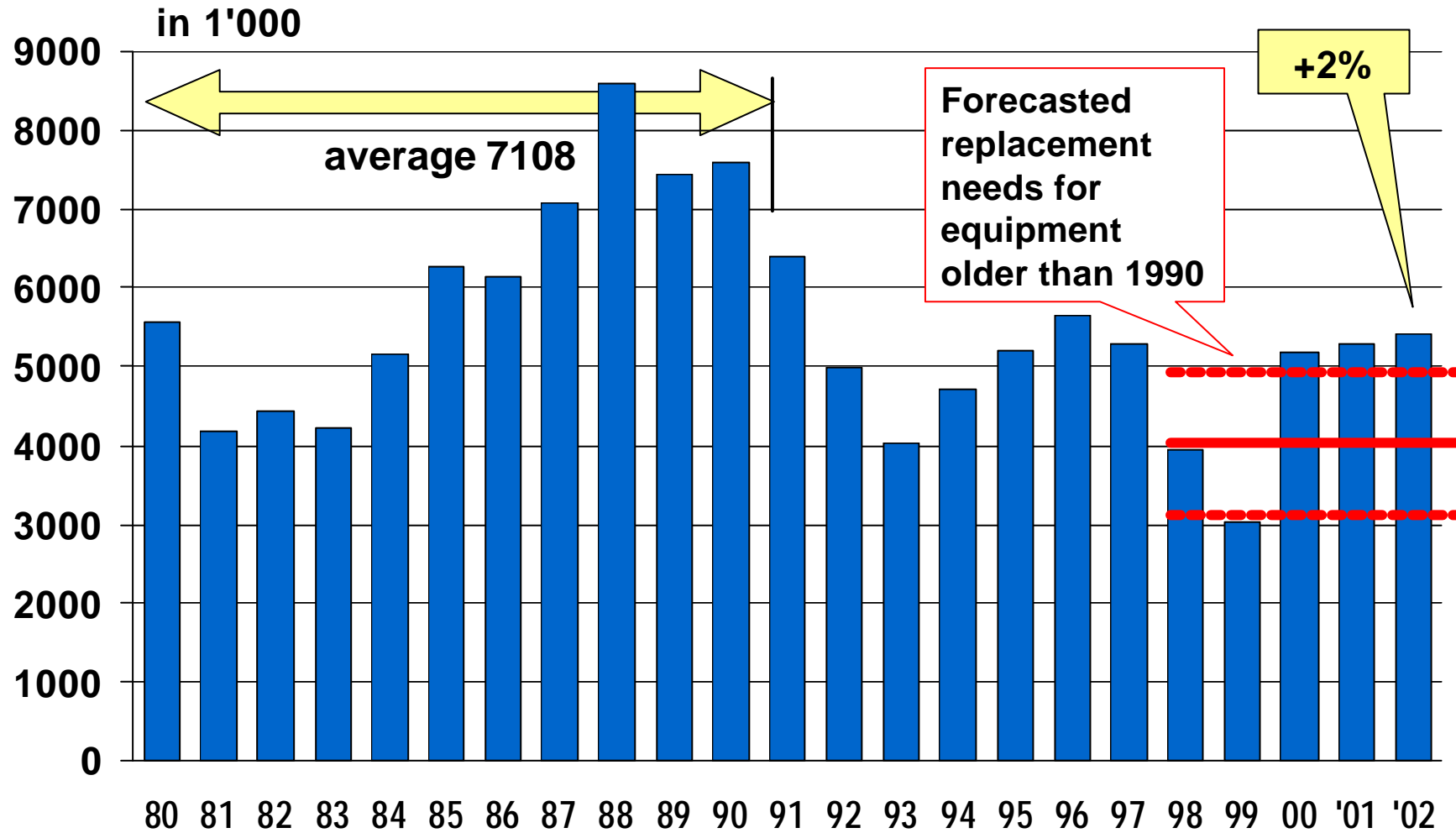
Regional importance of orders

- 1 Turkey
- 2 China
- 3 Western Europe
- 4 South East Asia
- 5 Nafta

mio CHF



# Spinning Machinery Market: Stable Market



**Years 2000 - 2002 include Chinese manufacturers**

Source: ITMF - International Textile Machinery Shipment Statistics 1980-2001, Year 2002 estimated by Rieter



# Textile Systems: Four Areas of Innovation



## Spun Yarn Systems



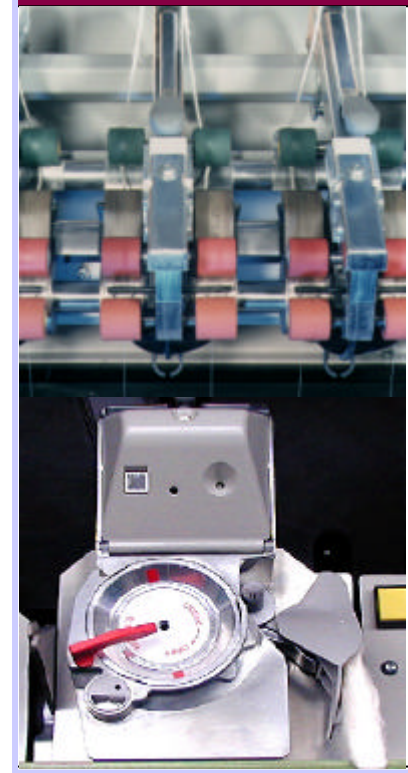
## Filament Yarn Technologies



## Nonwovens & Plastics Machinery



## Technology Components & Conversions

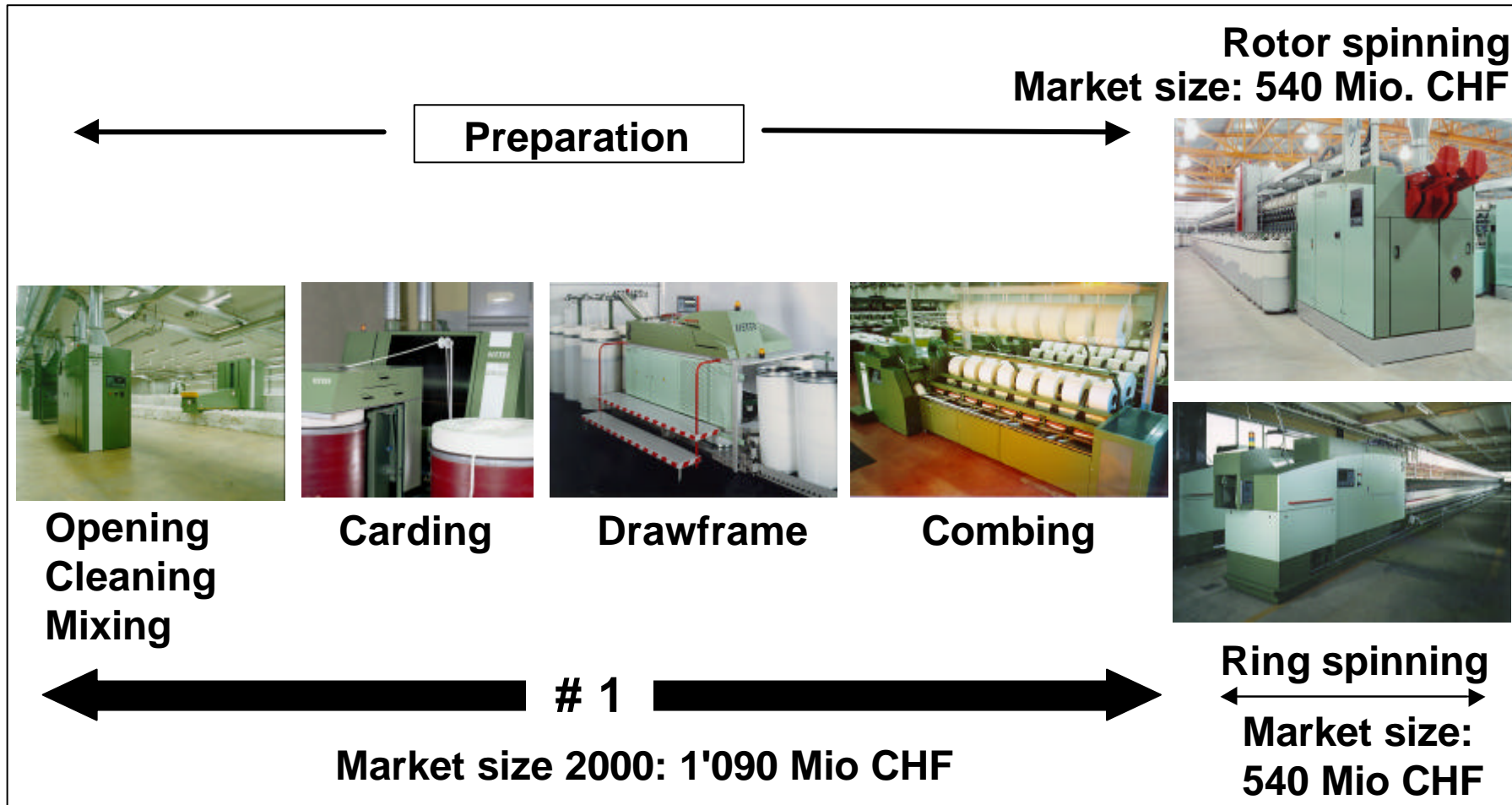


# Rieter Spun Yarn Process



Leading Global Systems Supplier – From Fibers to Yarn

Several process steps are needed to produce yarn



# Spun Yarn Process



## Continuous Improvement of Products

### R40



**Rotor Spinning:  
Superior yarn quality**

### C60



**Card: More productivity**







**Tensile strength improved by 25%**

**Less hairy smoother grip**

## ComforSpin<sup>®</sup> machine K 44



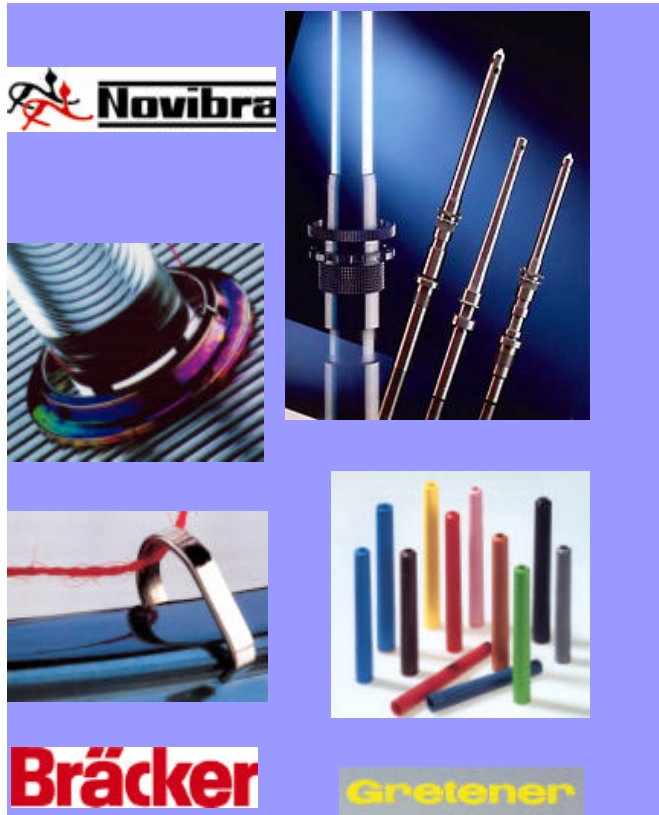
# Filament Yarn Technologies: Limited Rieter Presence **RIETER**

Process	Textile Yarns ✓	Industrial Yarns ✓	Carpet Yarns ✓	Glass Fibers ✓
Extrusion				
Draw Panel				
Texturing				
Twisting				
Cabling				
Covering*				
Winding				

**Rieter ICBT**

## Multi Brand Strategy to Expand Market Access

### Ring components



### EliTe

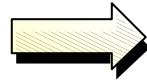


### Rotor components



## Acquisition of Research and Parts Manufacturing

**Complementarity  
to Rieter**



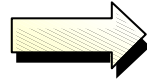
- Ring spindles manufacturing and sales
- Rotorspin box know how
- Development center added

**Total sales p.a.**

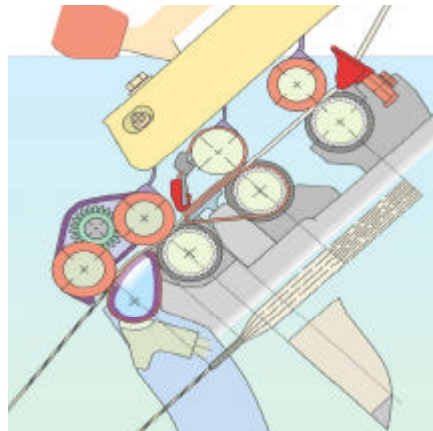


- 40 million CHF

**Cooperation  
Suessen - Rieter**



- Elite spinning and other upgrades



# EBIT Margin 2002 at 5 Year High



	In %	Objectives	2002	2001	2000	1999	1998	1997	1996
<sup>1</sup> Return on sales		5.0	2.9	3.7	5.1	5.2	5.1	5.3	3.1
<sup>1/2</sup> Cash flow		>10.0	7.2	8.1	9.6	9.8	9.2	10.0	7.4
<sup>1</sup> EBIT (Earnings before interest and taxes)		> 8.0	7.0	6.7	7.0	5.7	6.5	7.3	4.4
Equity ratio		35.0-40.0	39.3	39.0	37.9	38.3	37.3	33.1	35.5

<sup>1</sup> as a % of corporate output

<sup>2</sup> Net profit plus depreciation