Rieter Automotive Systems

Presentation

by

Erwin Stoller
CEO Rieter Automotive Systems

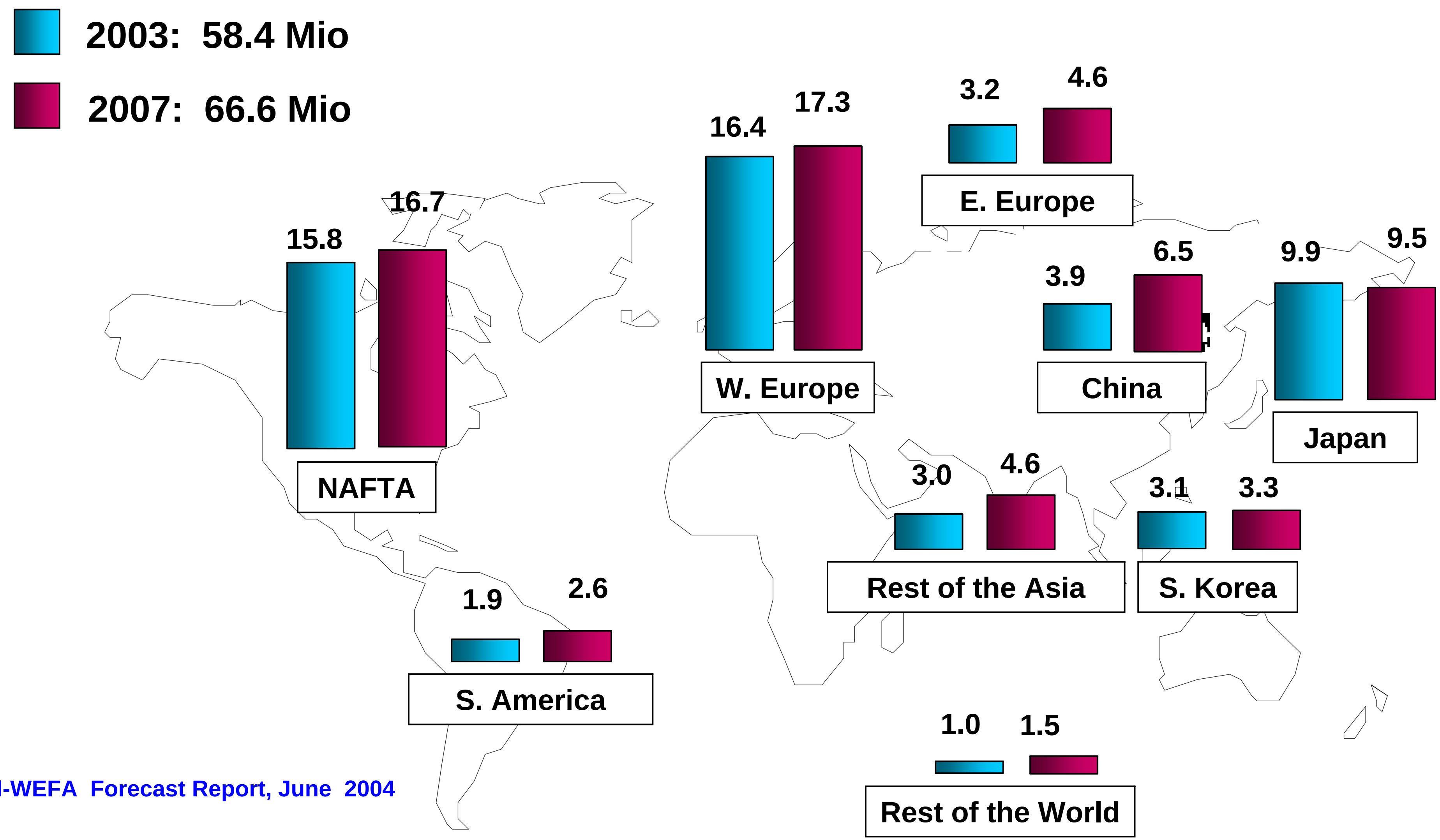
Sept. 30 / Oct. 1, 2004

Agenda

1. Market Development
- Markets, Products, Customers, Competitors

2. Strategic Intent
- Innovation
- Cost Competitiveness
- Global presence / External Growth

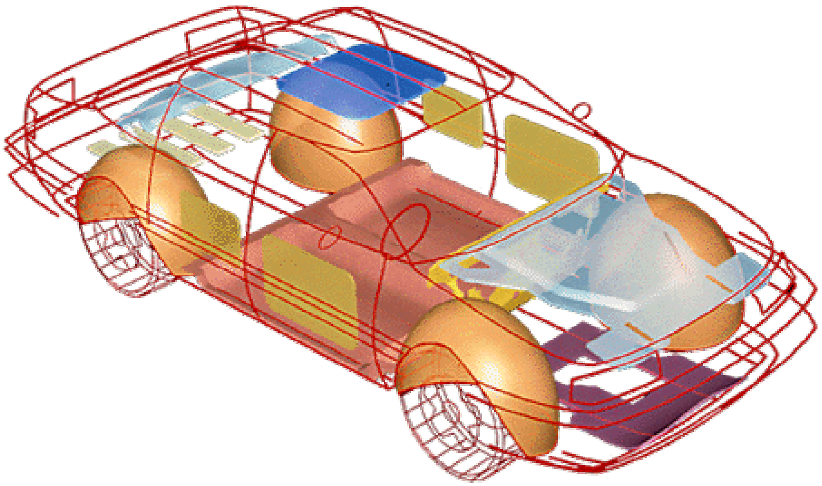
Global Light Vehicle Production: 2007 Forecast vs. '03



DRI-WEFA Forecast Report, June 2004

Drivers for Demand

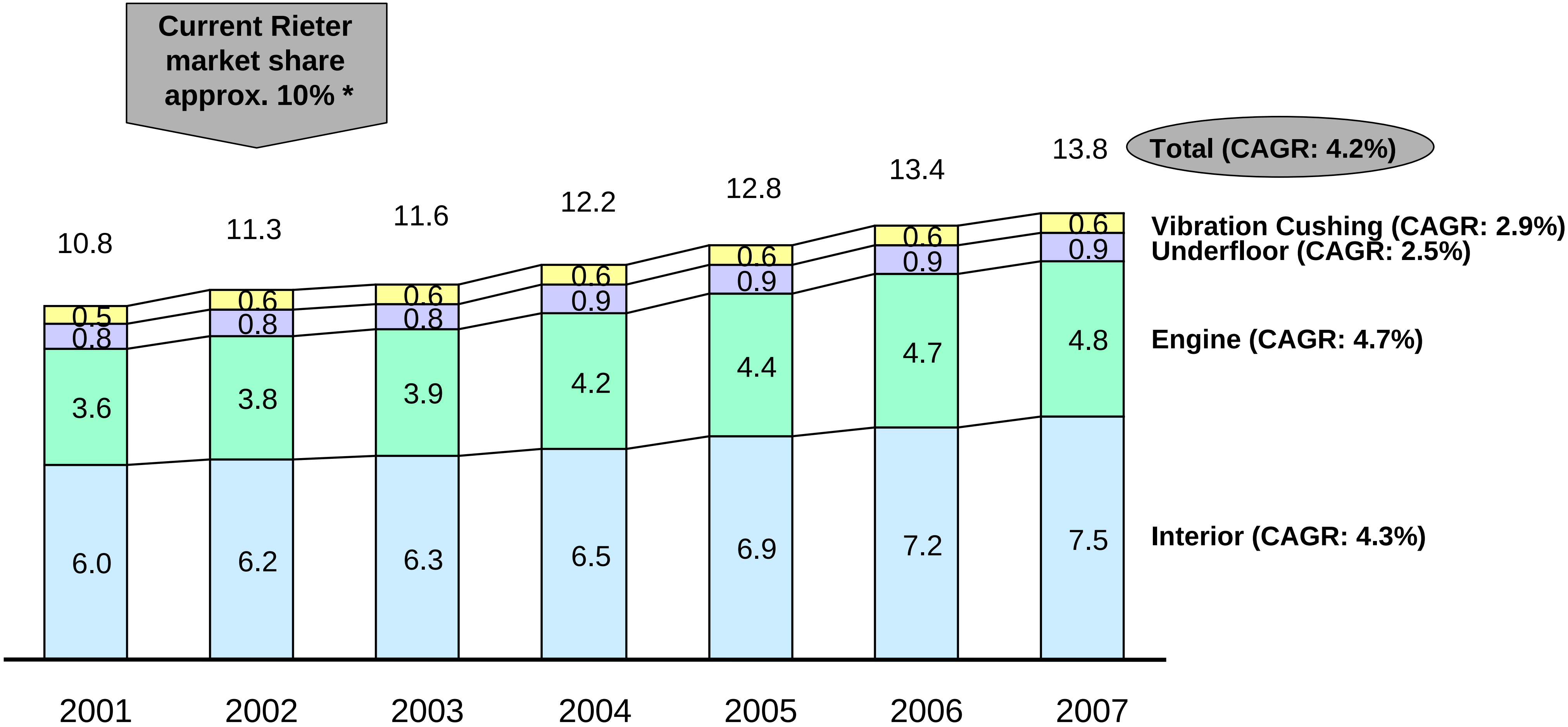
Eight Key Market Trends in the Acoustic & Thermal Systems



Demand Drivers	Effect
1. Price pressure	–
2. Fuel efficiency / lightweight construction	–
3. Increase in global vehicle production	+
4. Growing demand for more comfort within car (interior enhancement)	+
5. Shift toward premium brands	+
6. Increasing share of diesel powered cars (+9% package/car)	+
7. Regulatory changes / noise reduction	+
8. Technological innovations	=

Source: Mercer Mgt Consulting

Worldwide Automotive Acoustic Market 2001-07, in bn. CHF



*Rieter market share estimate on acoustic **and thermal** products
Source: Mercer Management Consulting, 2002

Product Portfolio Division Automotive

RIETER

Cross Vehicle

Under Floor

Trunk

Interior Floor

Engine Compartment

Interior Headliner & Trim

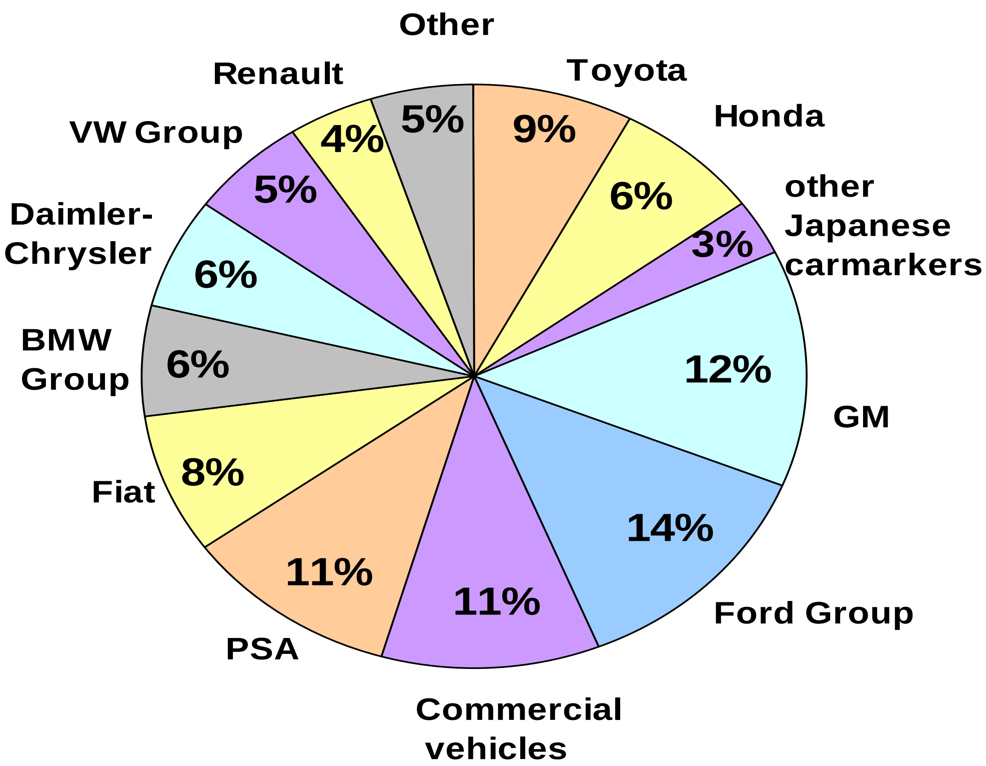
•Acoustic & Thermal package integrated in 6 Product lines

Our Customers

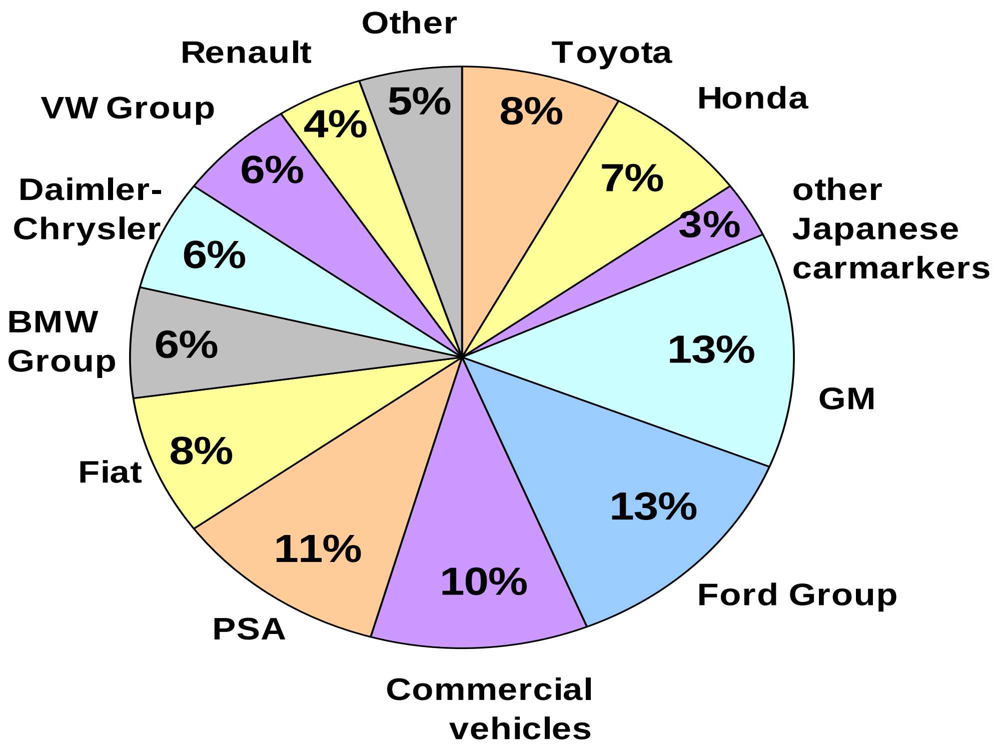
RIETER

FIAT
IVECO
MINI
ROLLS ROYCE
BMW
ROVER
LAND ROVER
Ford
JAGUAR
Daimler
mazda
VOLVO
MASERATI
LANCIA
Ferrari
MITSUBISHI MOTORS
GM
SAAB
OPEL
CITROËN
PEUGEOT
MAN
PORSCHE
HONDA
Mercedes-Benz
smart
CHRYSLER
LEXUS
TOYOTA
RENAULT TRUCKS
VOLVO
RENAULT
NISSAN
Audi
SKODA AUTO
SCANIA
SEAT

Automotive Sales: Strong and Balanced Customer Base



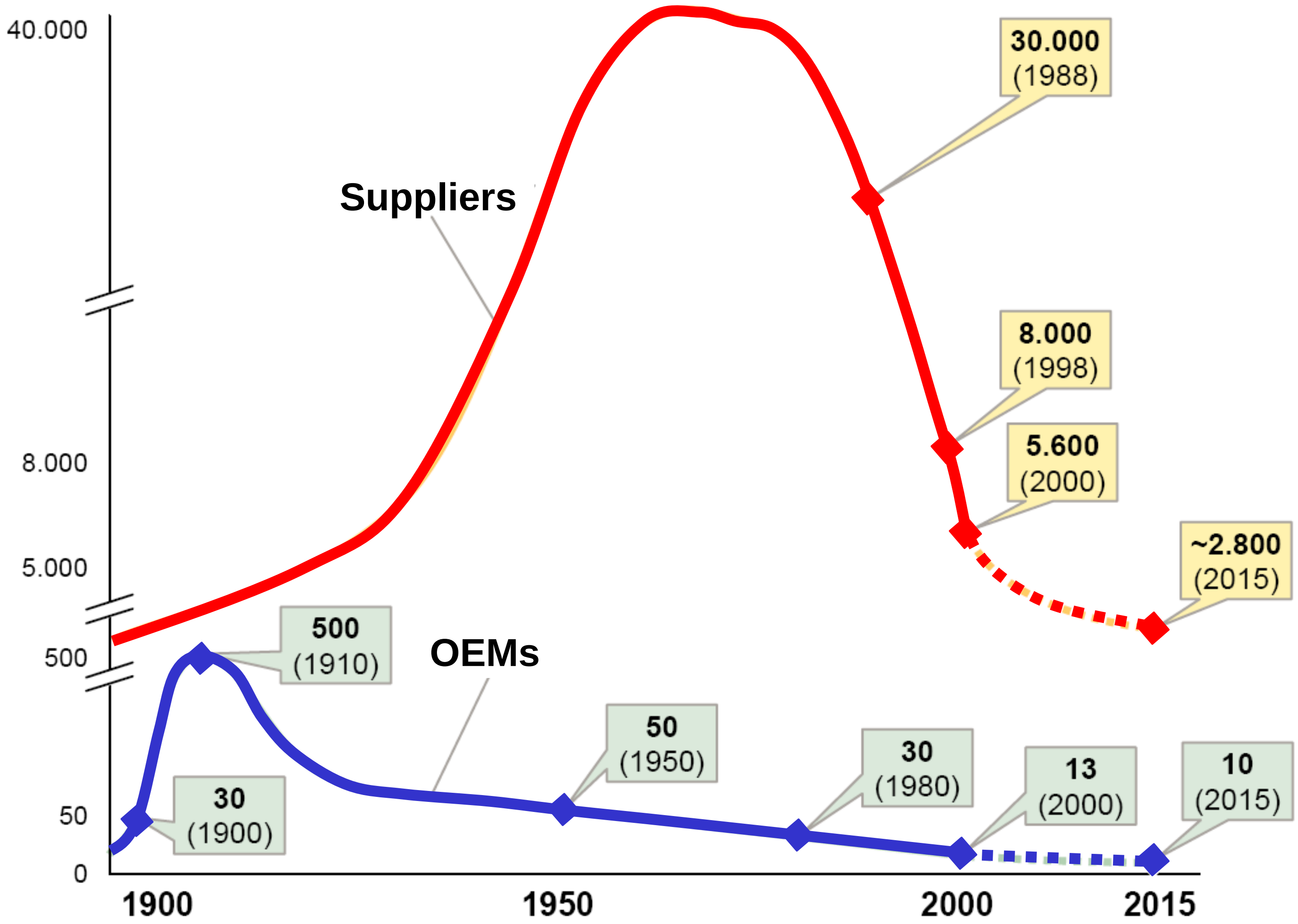
Sales HY1 2004



Sales 2003

Number of OEMs and Automotive Suppliers 1900–2015

Further supplier consolidation expected



Source: Mercer & Fraunhofer, 2003

Automotive Systems: Strategic Intent

Expansion of the automotive business with the following priorities:

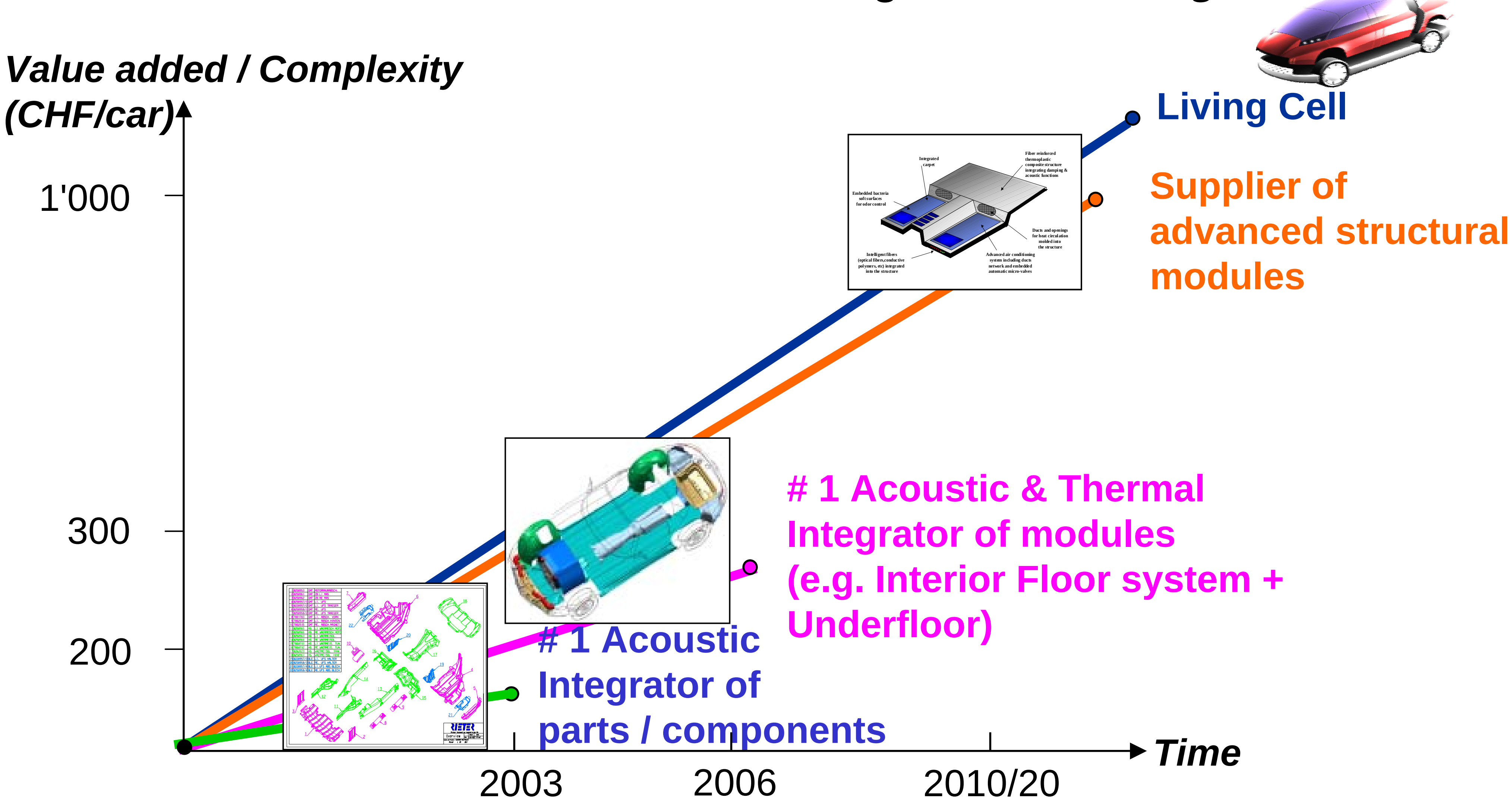
- **Organic growth through innovative products**

- **Good cost position through permanent productivity enhancement and exploitation of low-cost locations**

- **External growth only in order to close strategic gaps (regional, product, know-how)**

DA Current Strategy

Product vision so far: from Acoustic Integrator into *living cell*



RIETER ULTRA LIGHT™ principle

Until 1999: INSULATION

NOISE ABSORPTION

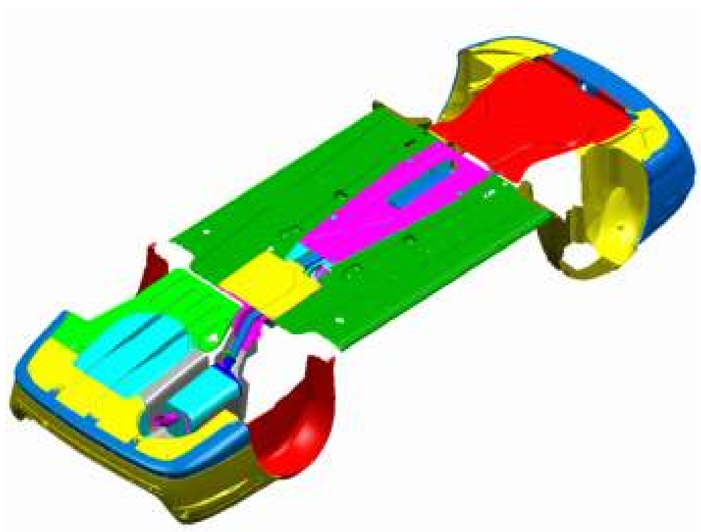
Innovating the Last Frontier: Underfloor

Today

COMPONENTS

Tomorrow

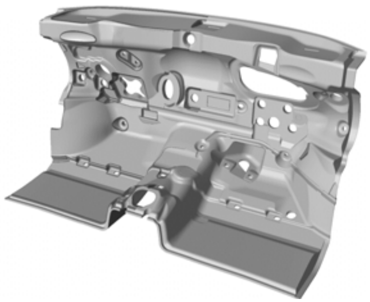
MODULE



IFP* TECHNOLOGY: Process Innovation

CAR MODEL : CITROEN C2/C3 – PEUGEOT 1007

RIETER PRODUCTION : ONS EN BRAY (France), BARCELONA (Spain)



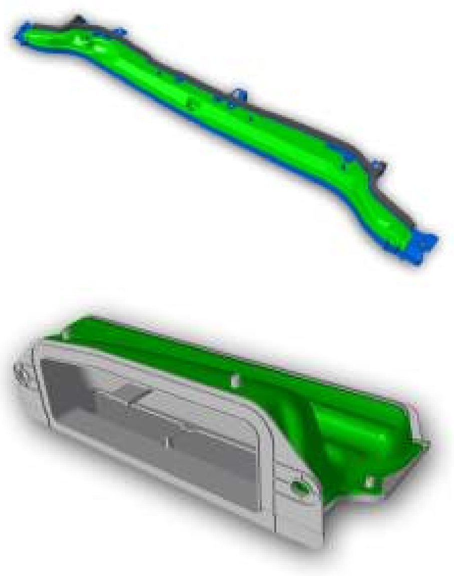
INNOVATION

- **Low process cost**
- **Acoustic performance**
- **Recyclability**

*IFP = Injection Fibre Process

PLASTIC INJECTION: Product Innovation (Acoustics)

CAR MODEL: RENAULT MODUS/ NEW CLIO
RIETER PRODUCTION : MOISSAC (France)



INNOVATION

- **Plastic parts with integrated acoustic function**

  (air and water box)

Partnership: Toyota Avensis

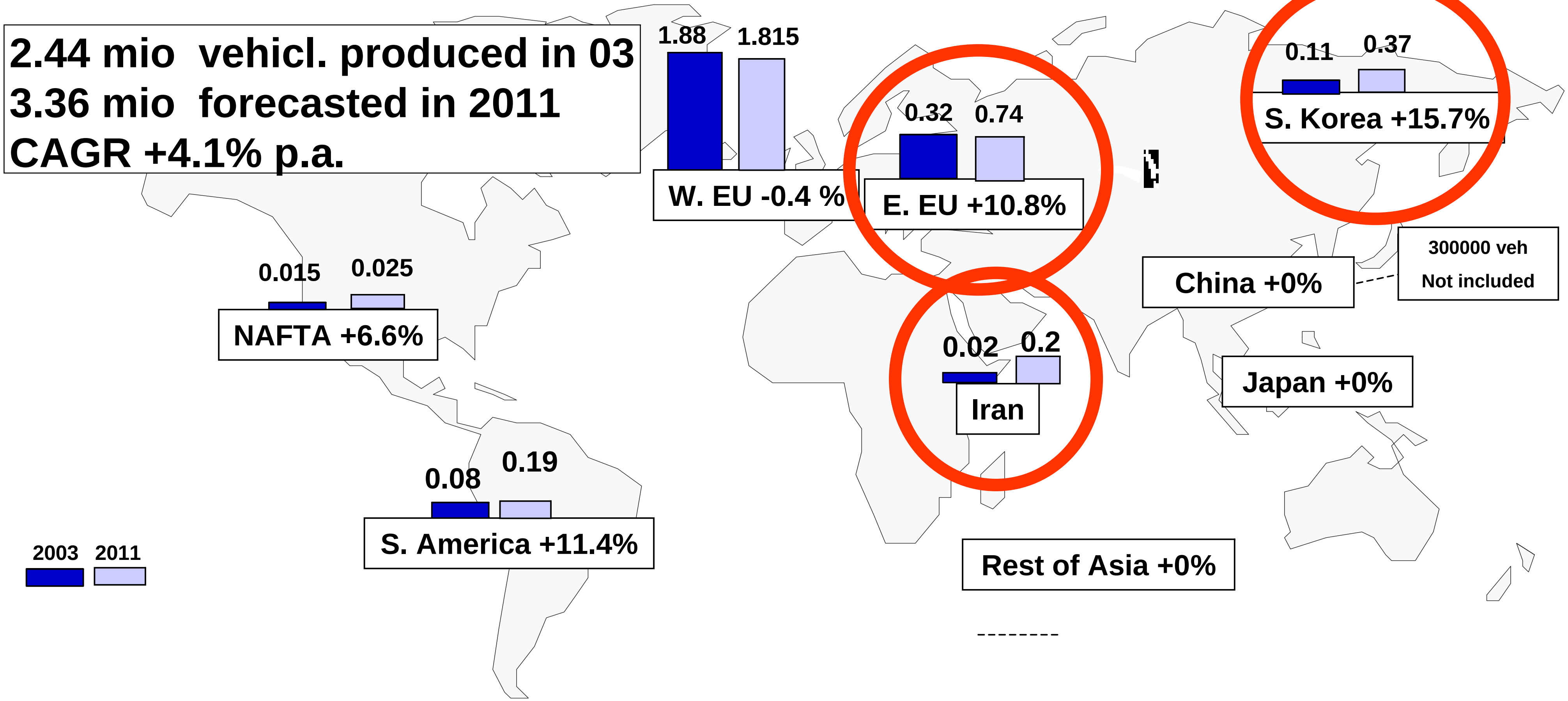
Benefits:

- **Sound package, 50% weight reduction**
- **Best in class acoustics**
- **Quality and aesthetics**

Renault forecasts highest Growth in …..

… Eastern Europe, S. Korea, Iran

2.44 mio vehicl. produced in 03
3.36 mio forecasted in 2011
CAGR +4.1% p.a.

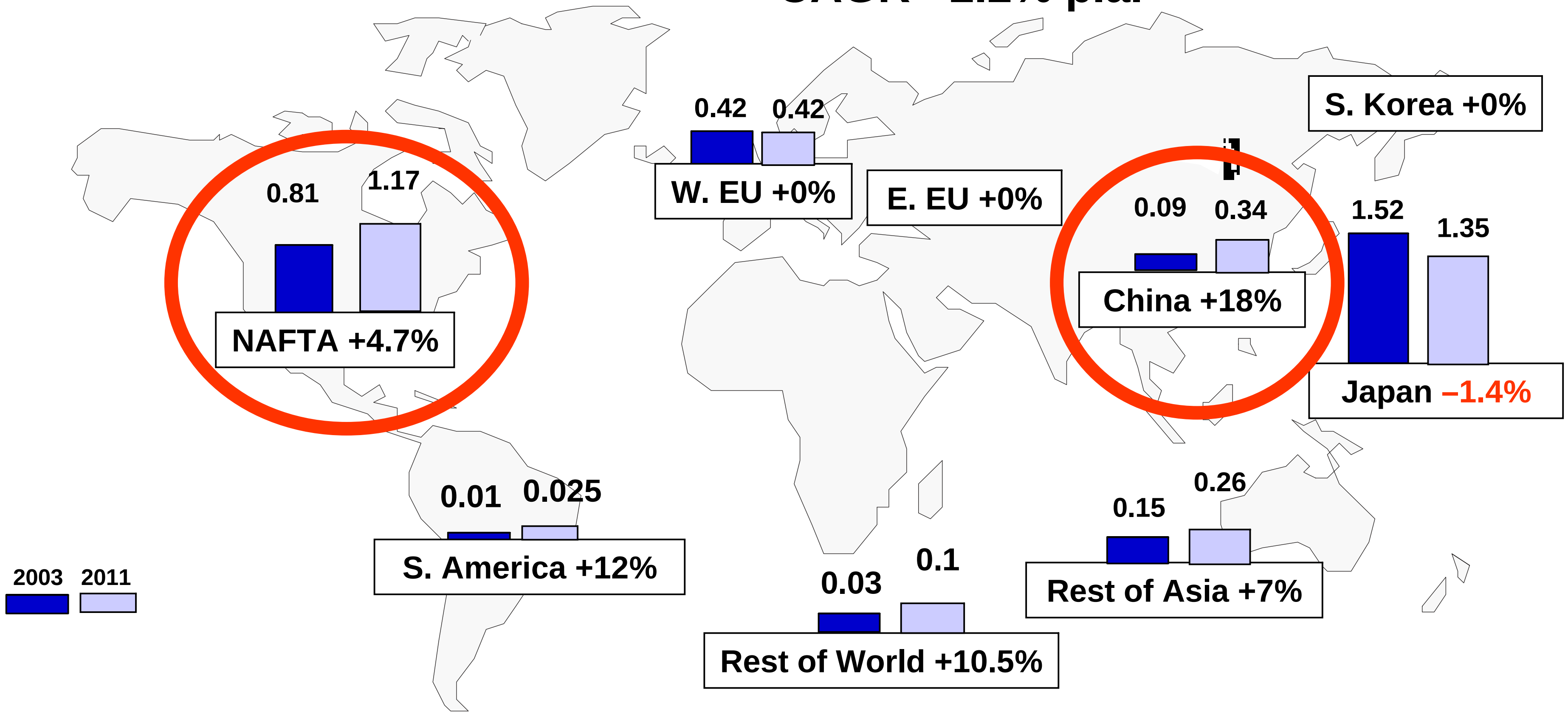


Source: DRI-WEFA Forecast Report, March 2004 – LV production (million units) – Compounded annual growth in %

Nissan sees Production shift from Japan into Asia …

… and growth in NAFTA

3.05 mio vehicles produced in 2003
3.65 mio forecasted in 2011
CAGR +2.2% p.a.



Source: DRI-WEFA Forecast Report, March 2004 – LV production (million units) – Compounded annual growth in %

Automotive Systems: Strategic Intent

Expansion of the automotive business with the following priorities:

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Roadmap to Profitable Growth: Cost Competitiveness

- **Improvement of Productivity**
  - further improvement and standardization of processes (benchmarking)
  - KAIZEN workshop in the plants
- **Reduction of Procurement costs**
  - further product standardization to bundle volumes
  - short-term: countermeasure against higher market prices
  - mid-to-long-term: reduction of material costs and CAPEX
- **Decrease in the use of raw material**
  - continuous process and product reengineering (better use of material input)
  - implementation of further recycling processes
- **Reduction of fixed costs**
  - streamlining of the organizational structure in Europe
- **Extension of low-cost locations**
  - Eastern Europe
  - Asia (China)

Manufacturing

Benchmark plant

Plant with improvement potential

Automotive Systems: Strategic Intent

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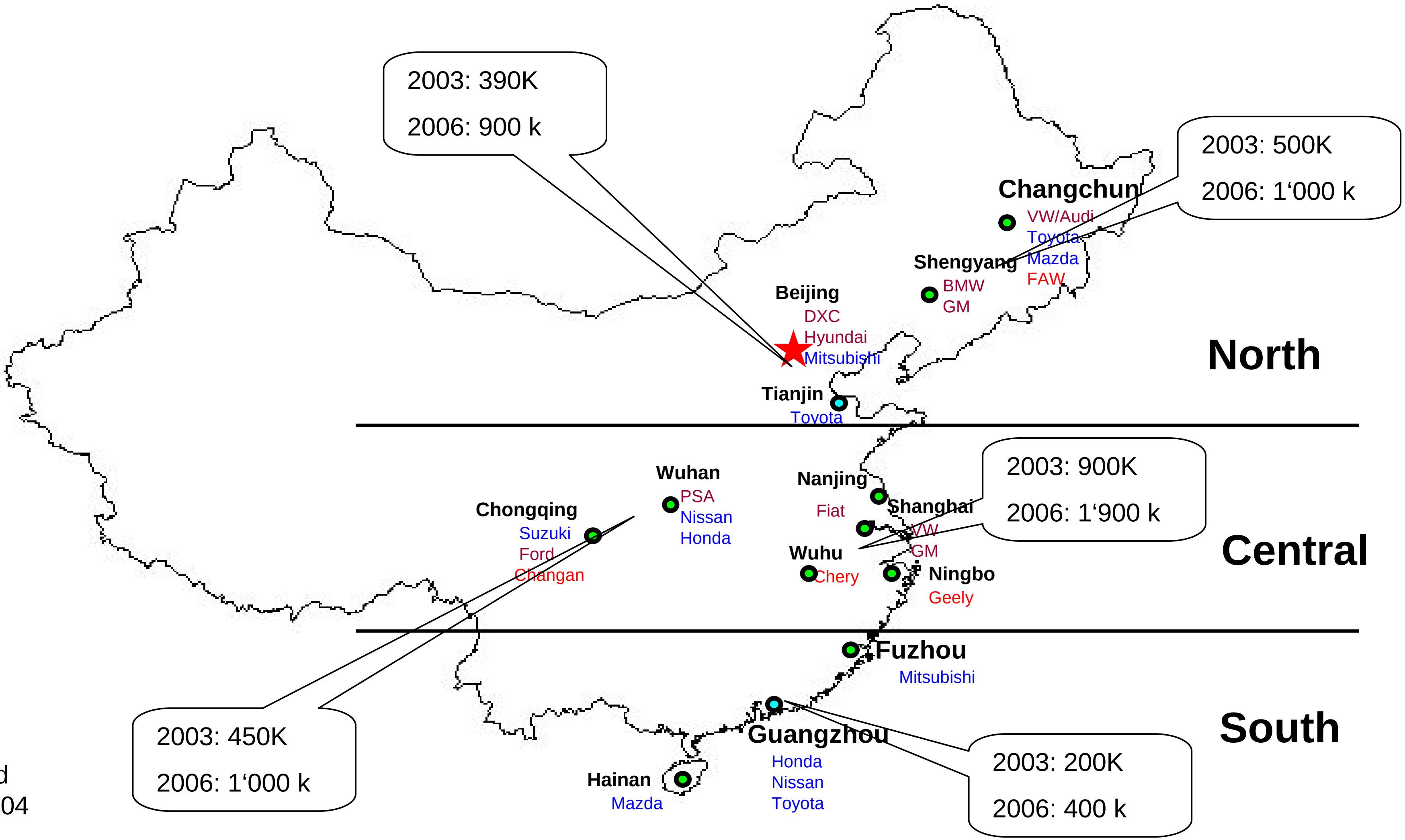
Growth Potential

	North/South America in %	Europe/ Africa in %	Asia in %	Total CHF million
Textile Systems	**11**	**28**	**61**	**1228**
Automotive Systems	**35**	**63**	**2**	**1876**
Rieter Group	**25**	**49**	**26**	**3118**
(Previous year)	**(31)**	**(46)**	**(23)**	**(2976)**

Chinese Automotive Industry: Overview



Location

Japanese JVs

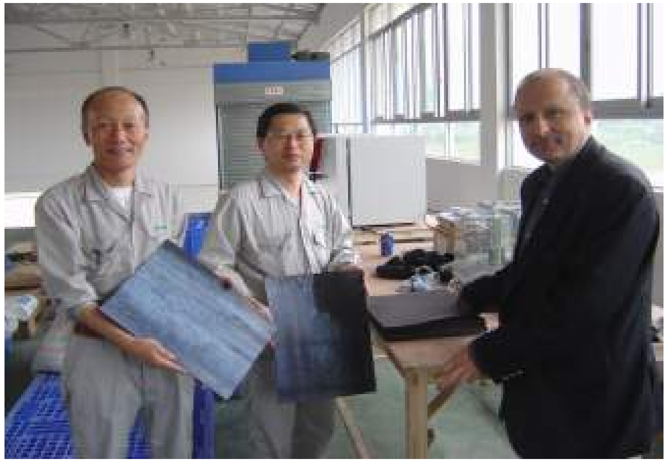
Western JVs

Local Chinese

Source: Finanz und Wirtschaft, 13/3/2004

JV China South – Status

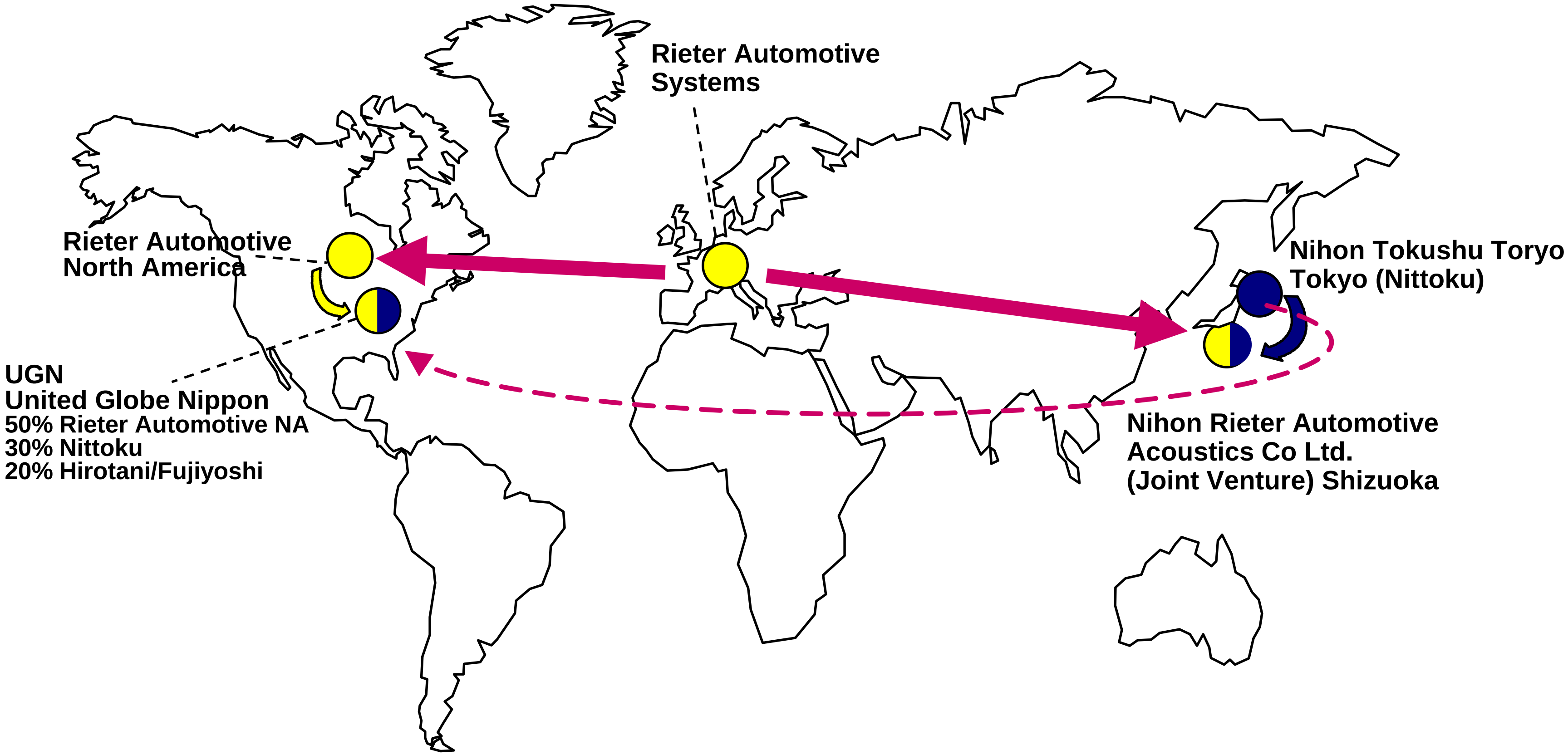
04.2004



01.2004

11.2003

Worldwide Leadership in Acoustics

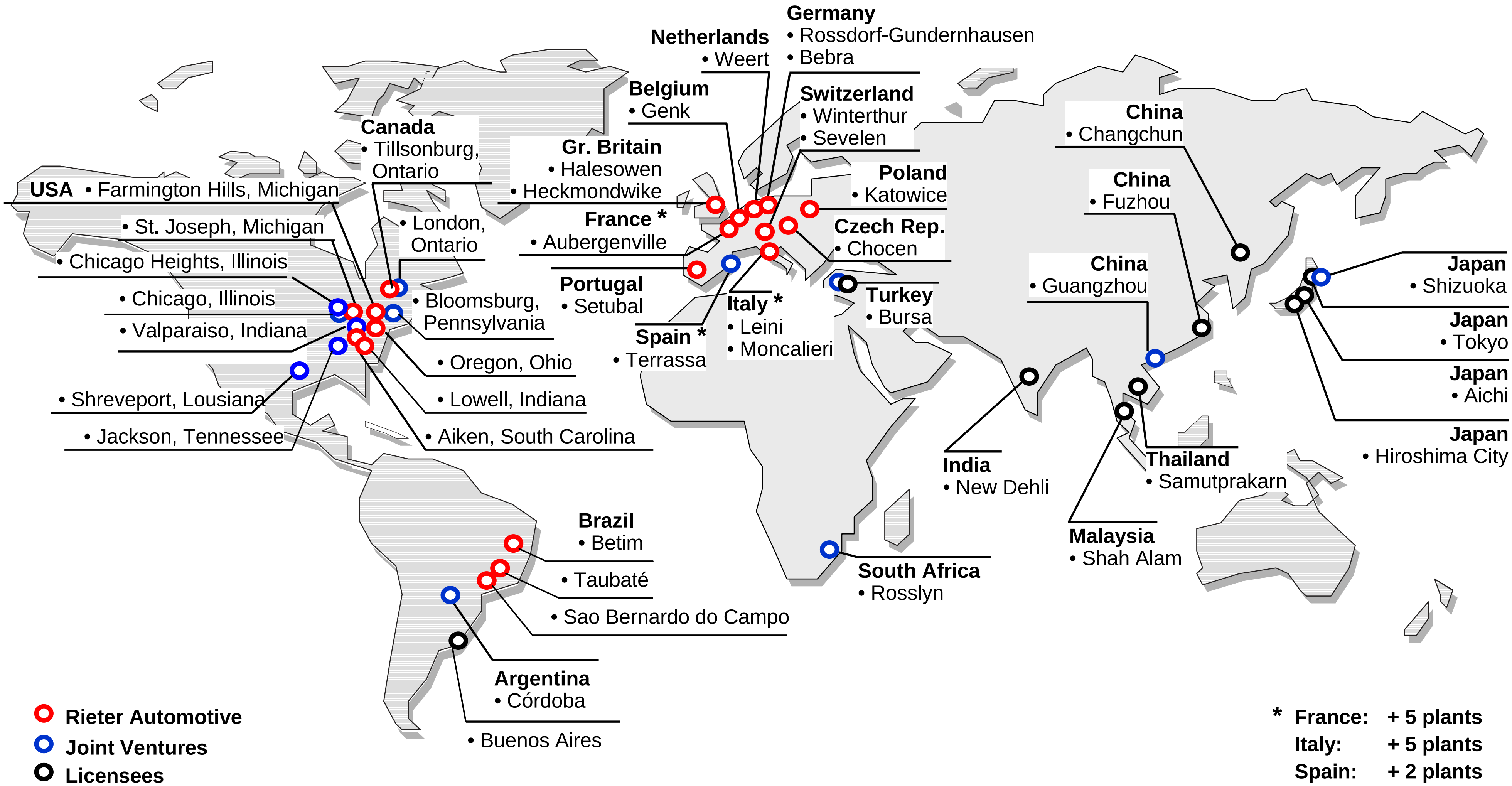


DA-44-2002

Rieter Automotive Systems

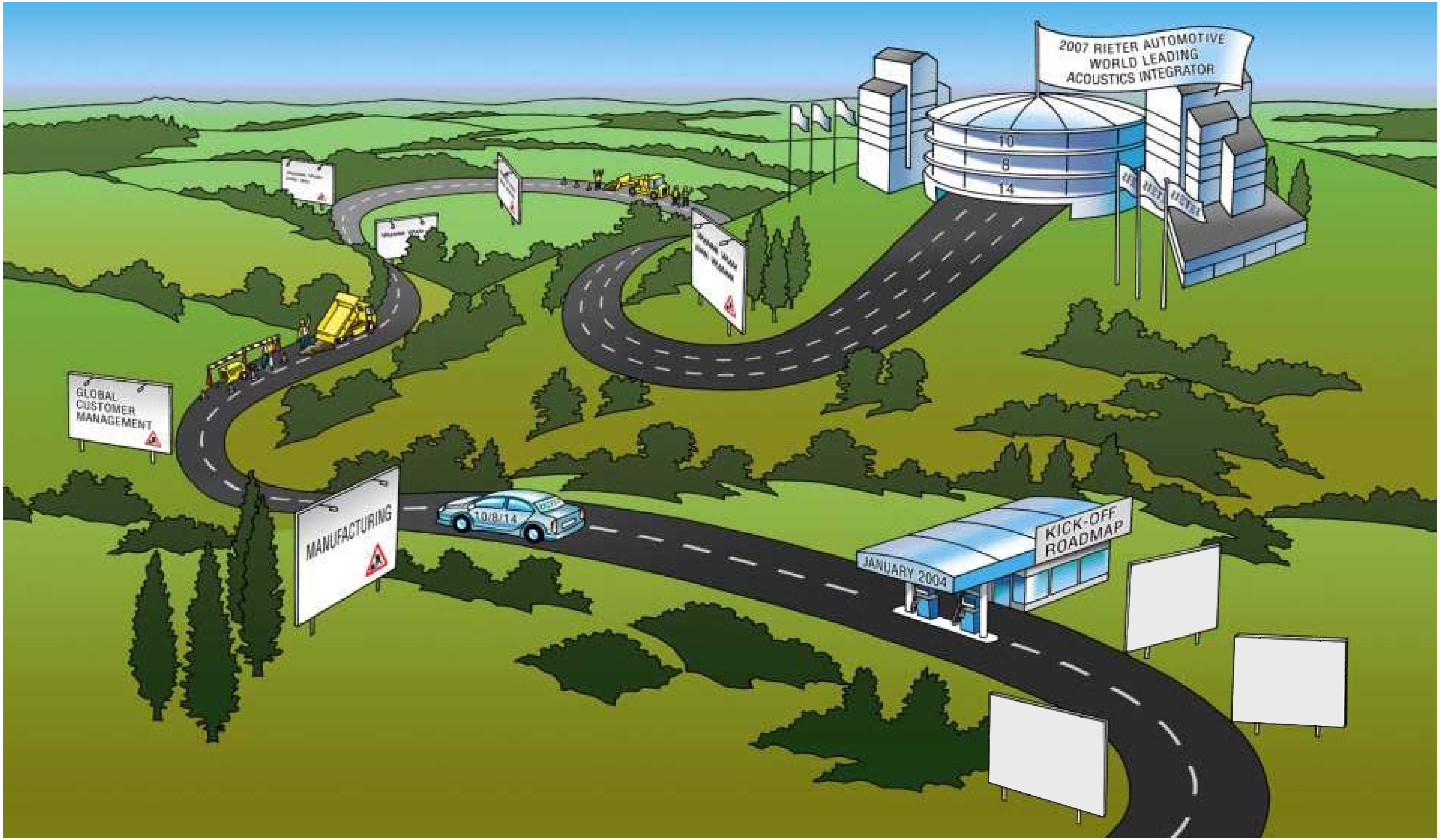
Automotive Systems: Worldwide Locations

RIETER



* France:	+ 5 plants	
Italy:	+ 5 plants	
Spain:	+ 2 plants	

"Roadmap to Profitable Growth"



Rieter Football Tournament in the Czech Republic 2004