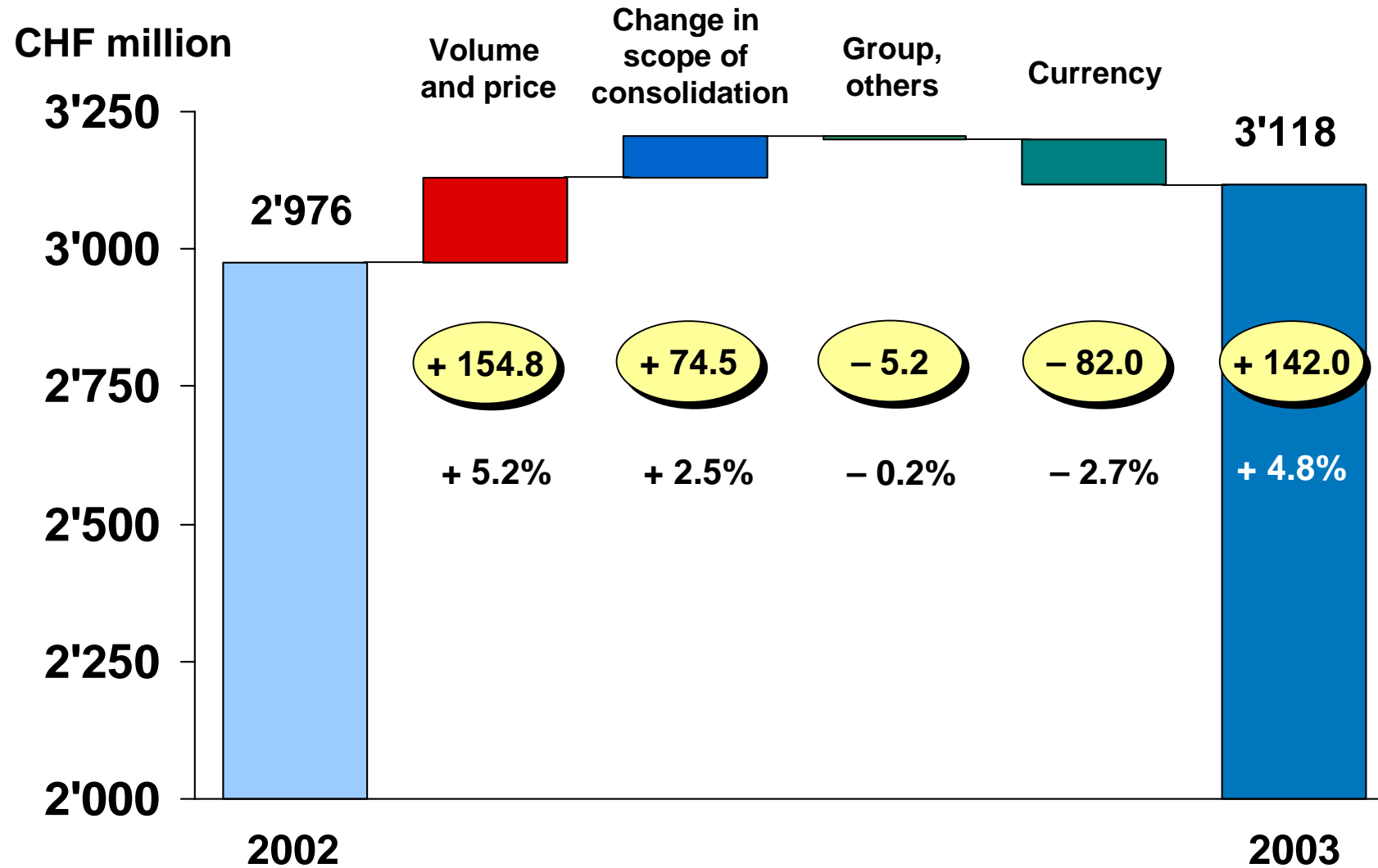


Comments on the 2003 consolidated financial statements and the accounts of the Rieter Holding

**Urs Leinhäuser
Chief Financial Officer**

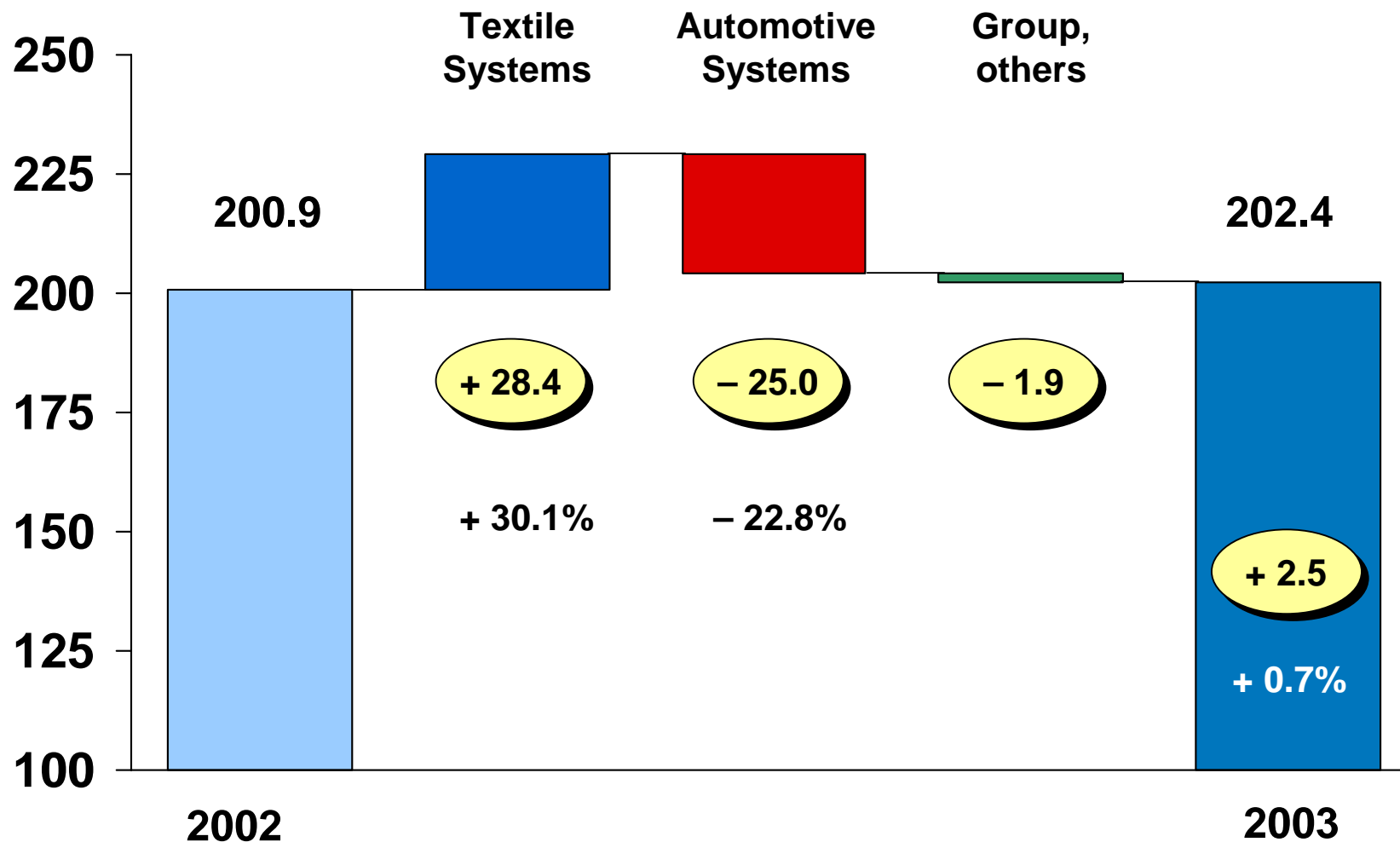
Sales growth of 7.5% (in local currencies)



EBIT slightly increased by 0.7%



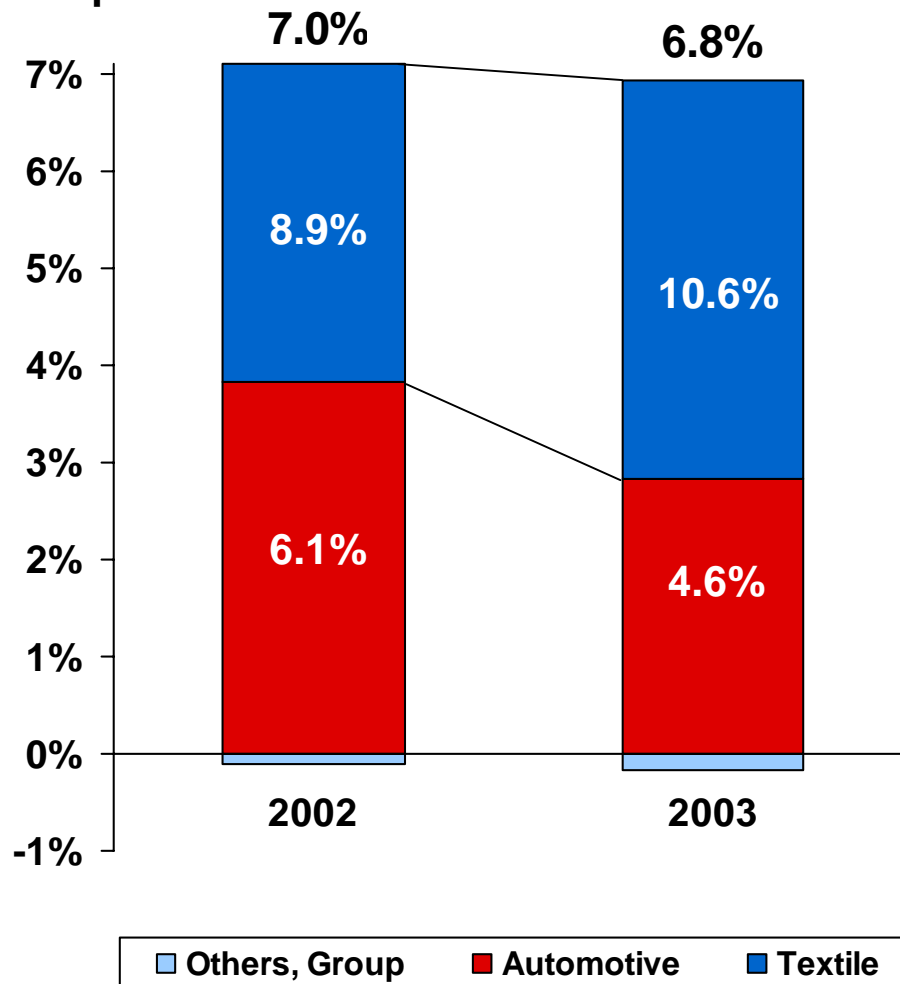
CHF million



EBIT-margin decreased by 0.2 percentage points



in % of Corporate output



- Good capacity utilization
- Rigorous cost management
- Flexible production / low cost locations

- Sales price pressure
- Material und energy costs
- Preparation cost

Increase in net profit and net profit per share



	2003 CHF million	2002 CHF million	Change in %
Operating result (EBIT)	202.4	200.9	+0.7%
Financial expense	- 29.9	- 28.0	
Financial income	15.7	- 16.0	
Financial result	- 14.2	- 44.0	+ 67.7%
Other expenses/income	- 3.7	- 3.2	
Profit before taxes	184.5	153.7	+ 20.0%
Taxes	- 68.5	- 69.9	
Net profit	116.0	83.8	+ 38.4%
Net profit per share (after deduction of minority interests)	25.68	16.95	+ 51.5%

Sound balance sheet



	2003 CHF million	2002 CHF million
Total assets	2'326.9	2'223.6
Fixed assets	982.4	990.1
– in %	42.2	44.5
Goodwill	154.6	159.5
– in %	6.6	7.2
Current assets	1'344.5	1'233.5
– in %	57.8	55.5
Cash and cash equivalents / marketable securities	319.0	295.4
– in %	13.7	13.3
Liabilities interest bearing	343.1	337.2
– in %	14.7	15.2
Equity	918.0	873.3
– in %	39.5	39.3

Increased cash flow



	2003 CHF million	2002 CHF million	Change in %
Net profit	116.0	83.8	+ 38.4%
Cash flow	258.3	205.4	+ 25.8%
Net Cash flow	245.5	172.9	+ 42.0%
Change in current assets	- 48.0	67.5	
Capital expenditure on tangible and intangible assets, net	- 120.1	- 120.9	
Investment in financial assets, net	2.8	- 6.7	
Change in scope of consolidation	6.0	- 12.6	
Free Cash flow	86.2	100.2	- 14.0%

Improved net liquidity



	2003 CHF million	2002 CHF million	Change in %
Cash and cash equivalents	175.0	192.4	- 9.0%
Marketable securities	144.0	103.0	+ 39.8%
Short-term receivables interest bearing	1.9	6.8	- 72.1%
Interest bearing liabilities	- 343.1	- 337.2	- 1.8%
Net liquidity	- 22.2	- 35.0	+ 36.6%
Long-term, interest bearing receivables	41.9	49.9	- 16.0%
Net liquidity incl. long-term, interest bearing receivables	19.7	14.9	+ 32.2%

Share repurchase (second trading line)



- **The share repurchase program was announced within the scope of the placement of the Rieter shares held by the BZ Group (July 2003).**
- **The share repurchase program took place between 26 September 2003 and 16 March 2004.**
- **During this period Rieter repurchased a total of 118 200 shares to a value of 35.2 million CHF.**
- **A motion to approve the cancellation of the registered shares acquired will be submitted to the Annual General Meeting called for May 5, 2004.**

Proposal by the Board of Directors



		2003	2002
Retained earnings Rieter Holding AG	CHF million	54.6	53.7
Number of shares with dividend rights:			
4'243'056 registered shares of CHF 5.00 p.v.	CHF	8.60	8.60
Dividend	CHF million	34.0	35.8
Payout ratio	in %	33	52
Gross yield on registered shares	in %	3.3	2.6

Disclaimer



Rieter is making great efforts to include accurate and up-to-date information in this document, however we make no representations or warranties, expressed or implied, as to the accuracy or completeness of the information provided in this document and we disclaim any liability whatsoever for the use of it.

The information provided in this document is not intended nor may be construed as an offer or solicitation for the purchase or disposal, trading or any transaction in any Rieter securities. Investors must not rely on this information for investment decisions.

All statements in this document which do not reflect historical facts are forecasts for the future which offer no guarantee whatsoever with respect to future performance, they embody risks and uncertainties which include - but not confined to - future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors which are outside the company's control.

Copyright 2004, Rieter Holding Ltd., All rights reserved.