

Presentation of the Business Year 2004

Hartmut Reuter
Chief Executive Officer

- **The Year 2004** **Hartmut Reuter**
- **Financial results 2004** **Urs Leinhäuser**
- **Strategy and Outlook 2005** **Hartmut Reuter**

"All the main key figures at the Rieter Group at the close of the 2004 financial year were higher than in 2003."

Hartmut Reuter,
CEO Rieter Group

Highlights of the Rieter Group in 2004



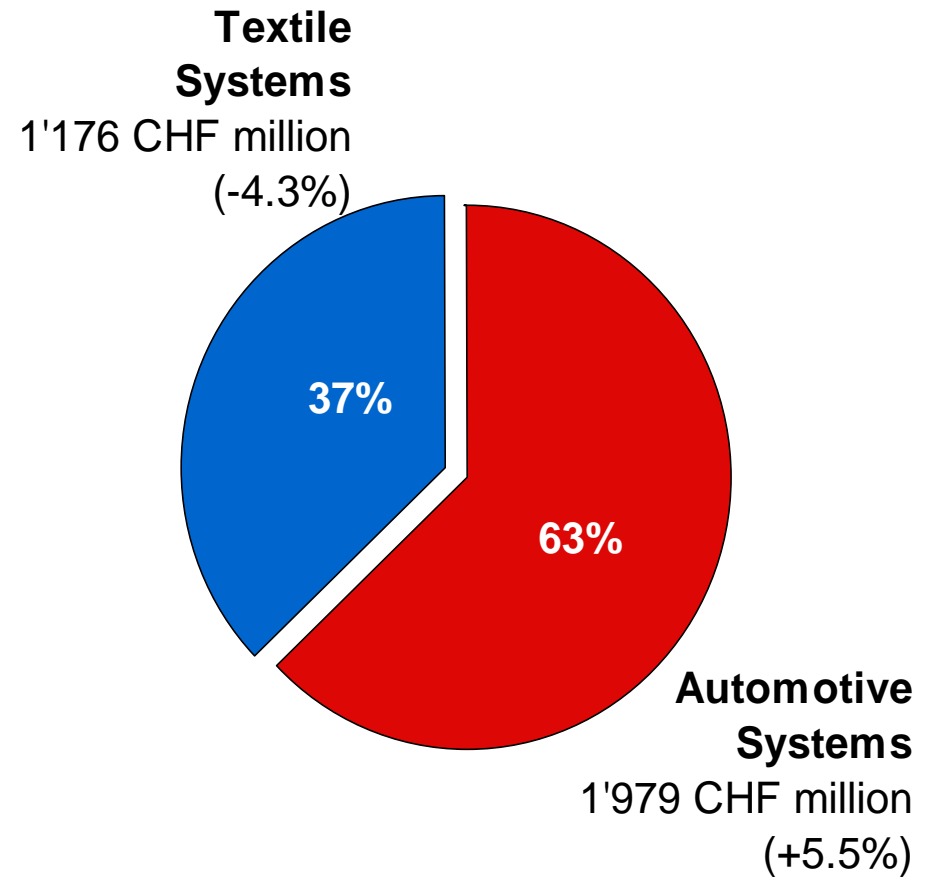
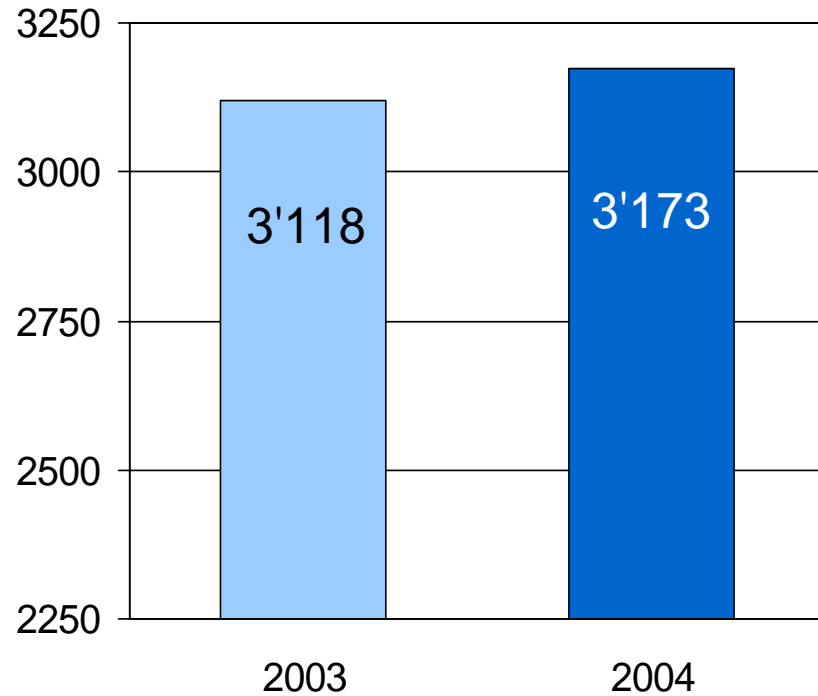
- **Increase in sales, EBIT and net profit**
 - Very good EBIT margin of Textile Systems maintained
 - EBIT of Automotive Systems improved
- **Group financially stable**
 - High Free Cash flow, very good development of liquidity
 - Higher dividend proposed
- **Presence in Asia expanded in both divisions**
- **Full consolidation of Magee Rieter and Suessen per January 2005**

Sales by division



Sales

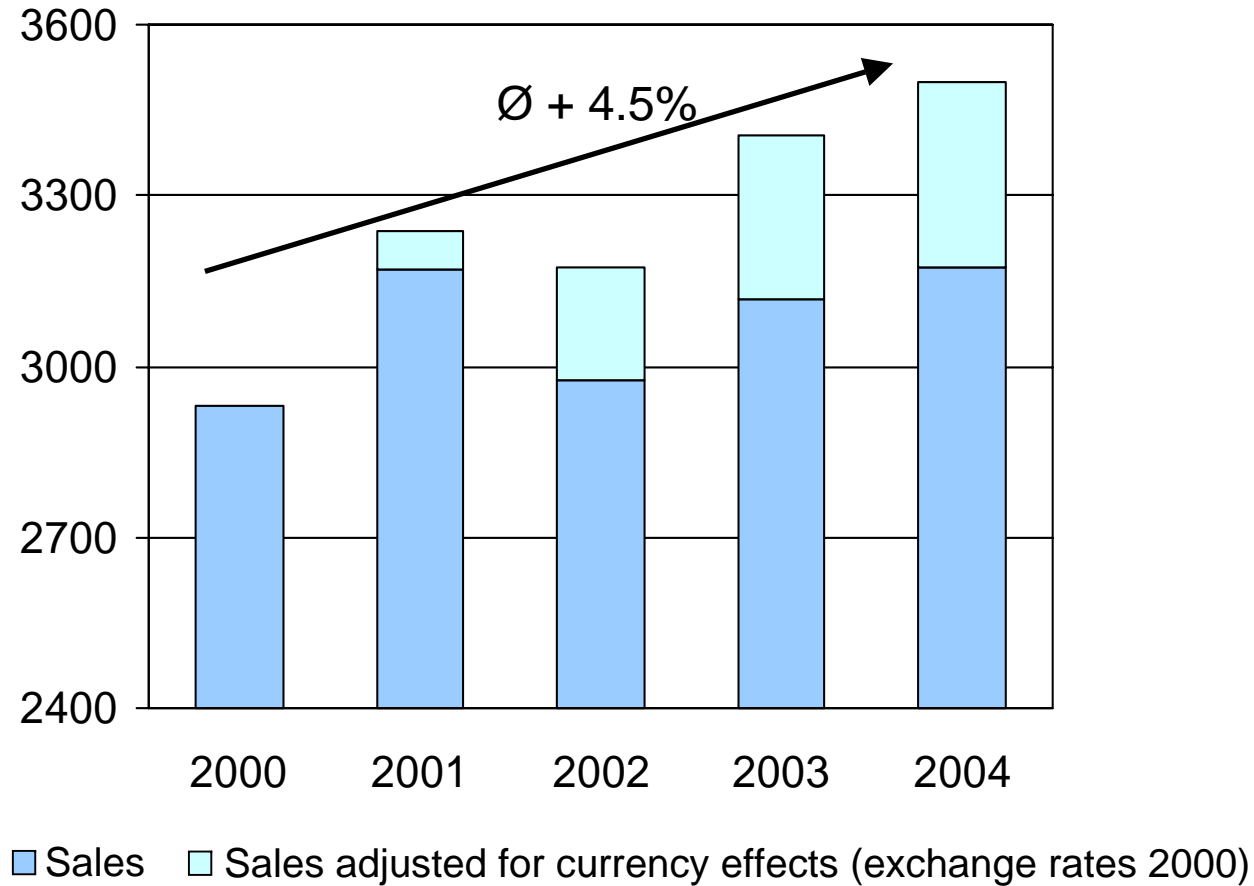
CHF million



Sales development in local currencies



CHF million



Sales 2004 by most important countries



CHF million
(rank 2003)

| | | | |
|--------------|-------------|----------------------|--------------|
| 1. | (1) | USA | 529 |
| 2. | (3) | France | 309 |
| 3. | (4) | China | 251 |
| 4. | (5) | Germany | 225 |
| 5. | (6) | Italy | 222 |
| 6. | (2) | Turkey | 210 |
| 7. | (7) | Great Britain | 191 |
| 8. | (9) | Canada | 146 |
| 9. | (10) | Sweden | 118 |
| 10. | (8) | Spain | 115 |
| Total | | | 3'173 |

Sales Europe: 47% (47%)
Sales EU: 28% (25%)
Sales Nafta: 21% (22%)

In 20 countries
90% of total sales

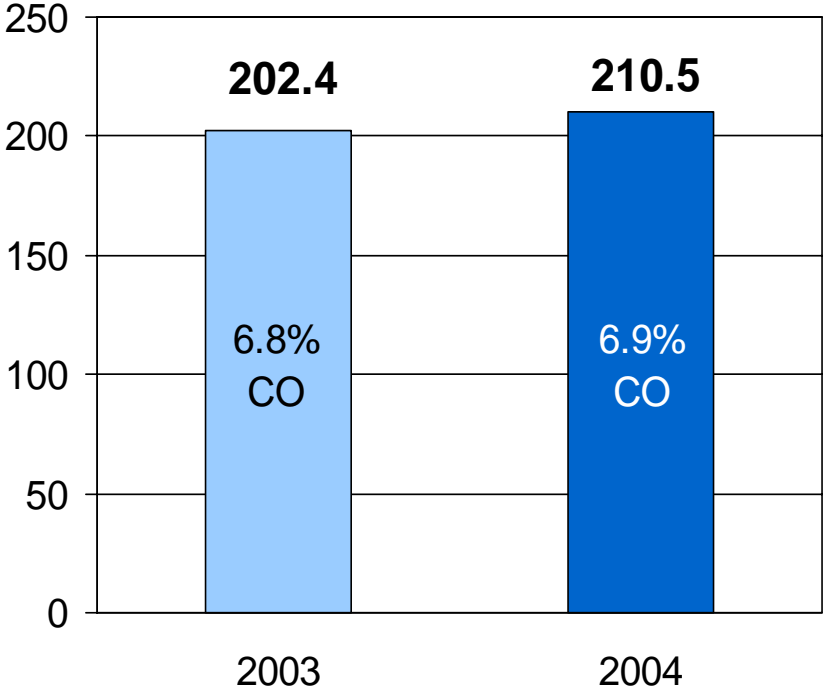
- 11 Industrialized countries and
- 9 Emerging countries

EBIT and net profit



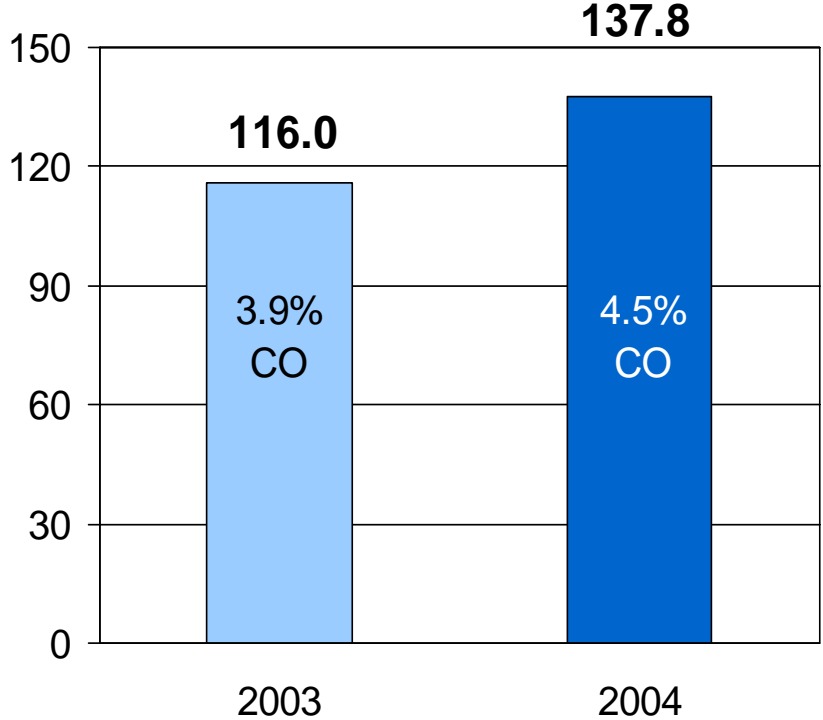
EBIT

CHF million



Net profit

CHF million

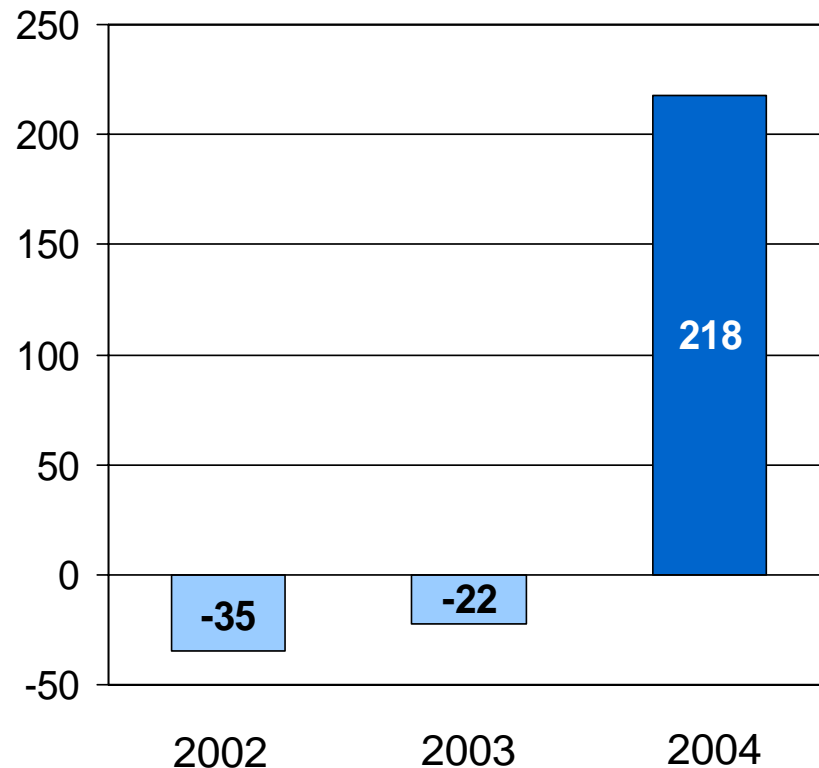


CO = Corporate output

Net liquidity



CHF million



2004: + 240 CHF million

Free cash flow +202 CHF million

Dividend -34 CHF million

Transactions
own shares +75 CHF million

Other -3 CHF million

2003: + 13 CHF million

Free cash flow +86 CHF million

Dividend -35 CHF million

Transactions
own shares -57 CHF million

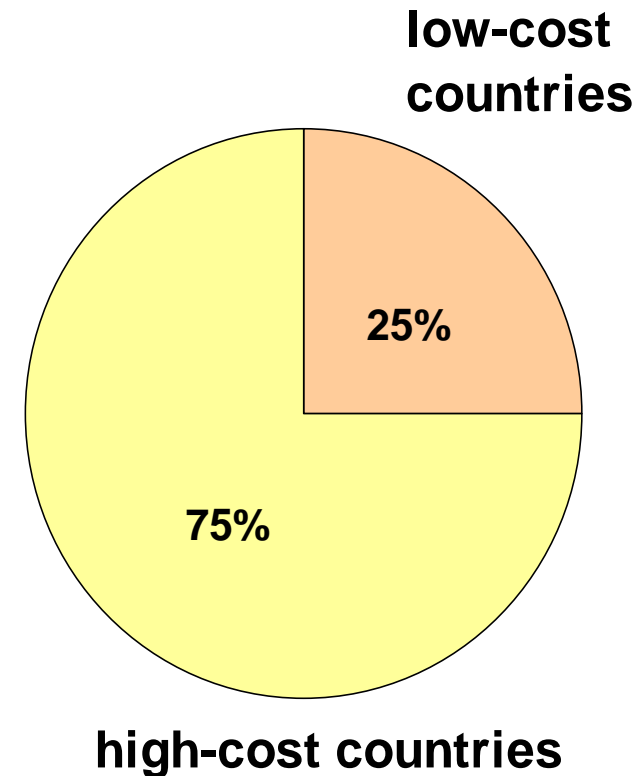
Other +19 CHF million

Number of employees by countries



(rank 2003)

| | | | |
|--------------|------|-----------------------|---------------|
| 1. | (1) | USA | 2'403 |
| 2. | (2) | Switzerland | 1'788 |
| 3. | (3) | France | 1'647 |
| 4. | (4) | Czech Republic | 1'633 |
| 5. | (5) | Germany | 1'373 |
| 6. | (6) | Italy | 1'182 |
| 7. | (8) | Brazil | 648 |
| 8. | (7) | Great Britain | 607 |
| 9. | (9) | Canada | 432 |
| 10. | (12) | China | 400 |
| 11. | (11) | India | 301 |
| 12. | (10) | Spain | 299 |
| Total | | | 13'557 |

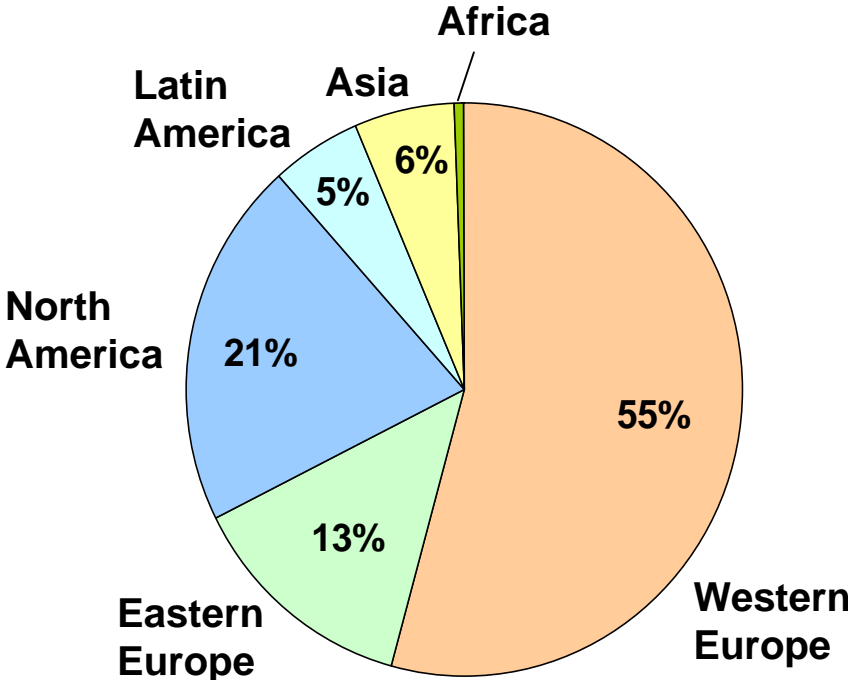


2004

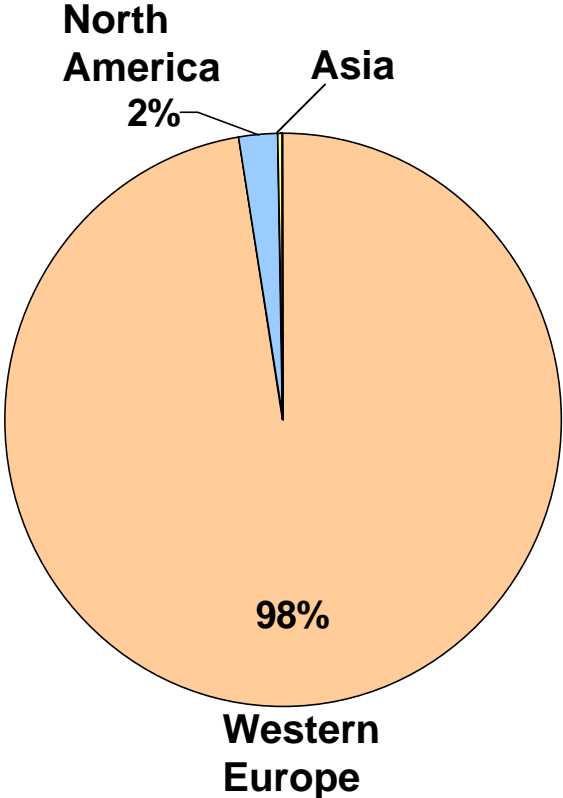
Expansion of global presence



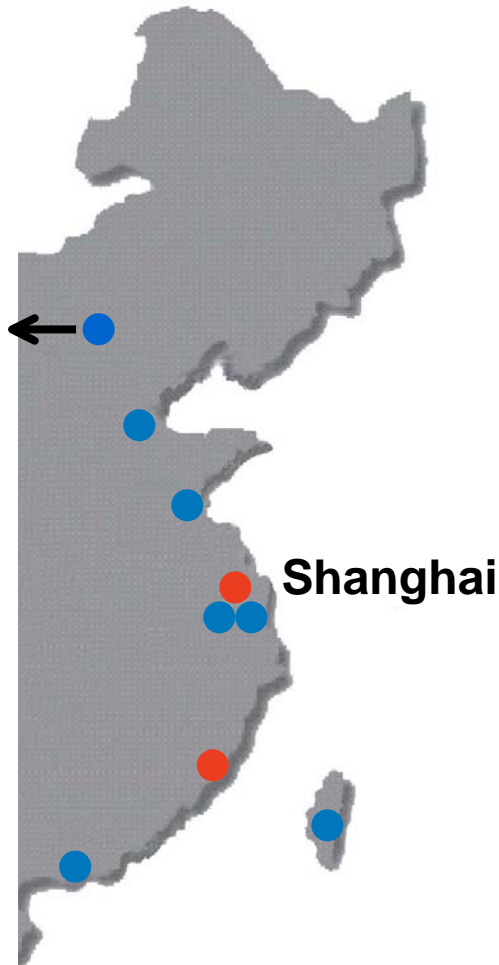
2004:
13'557 employees



1993:
7'934 employees

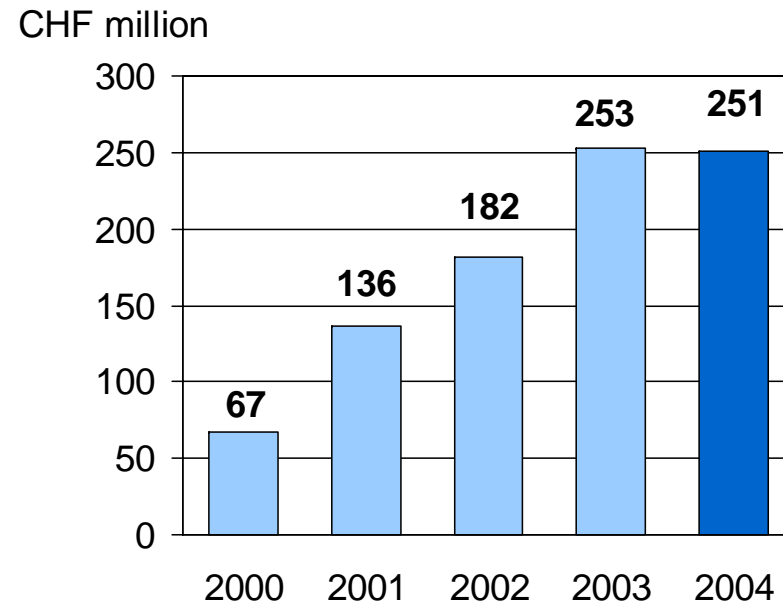


Rieter's presence in China



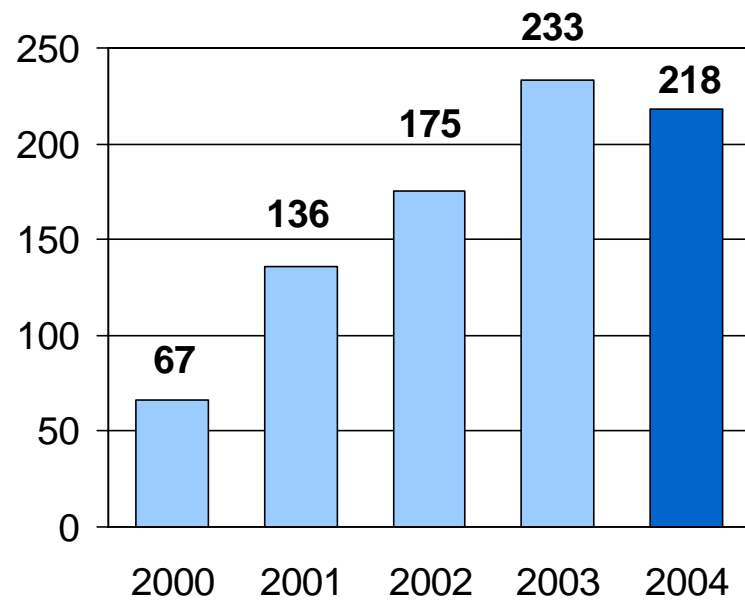
- Textile Systems
- Automotive Systems

- 9 plants with 400 employees
- 1 production site each for Textile and Automotive
- Sales increase 2000 to 2004:



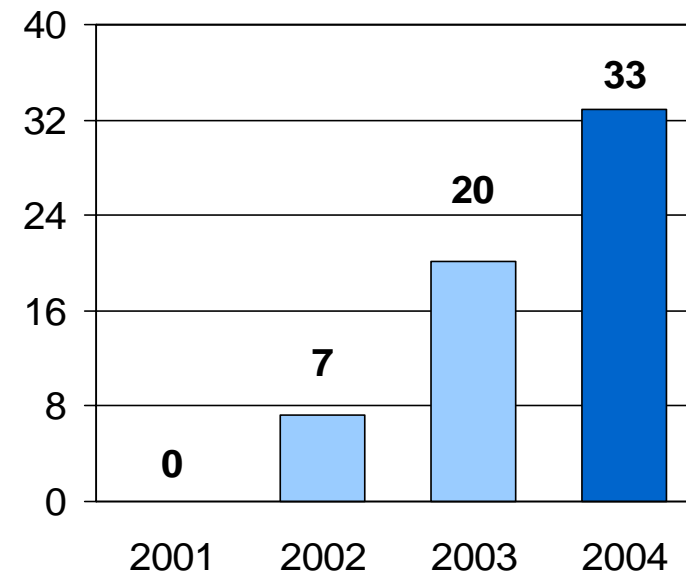
Textile Systems

CHF million



Automotive Systems

CHF million



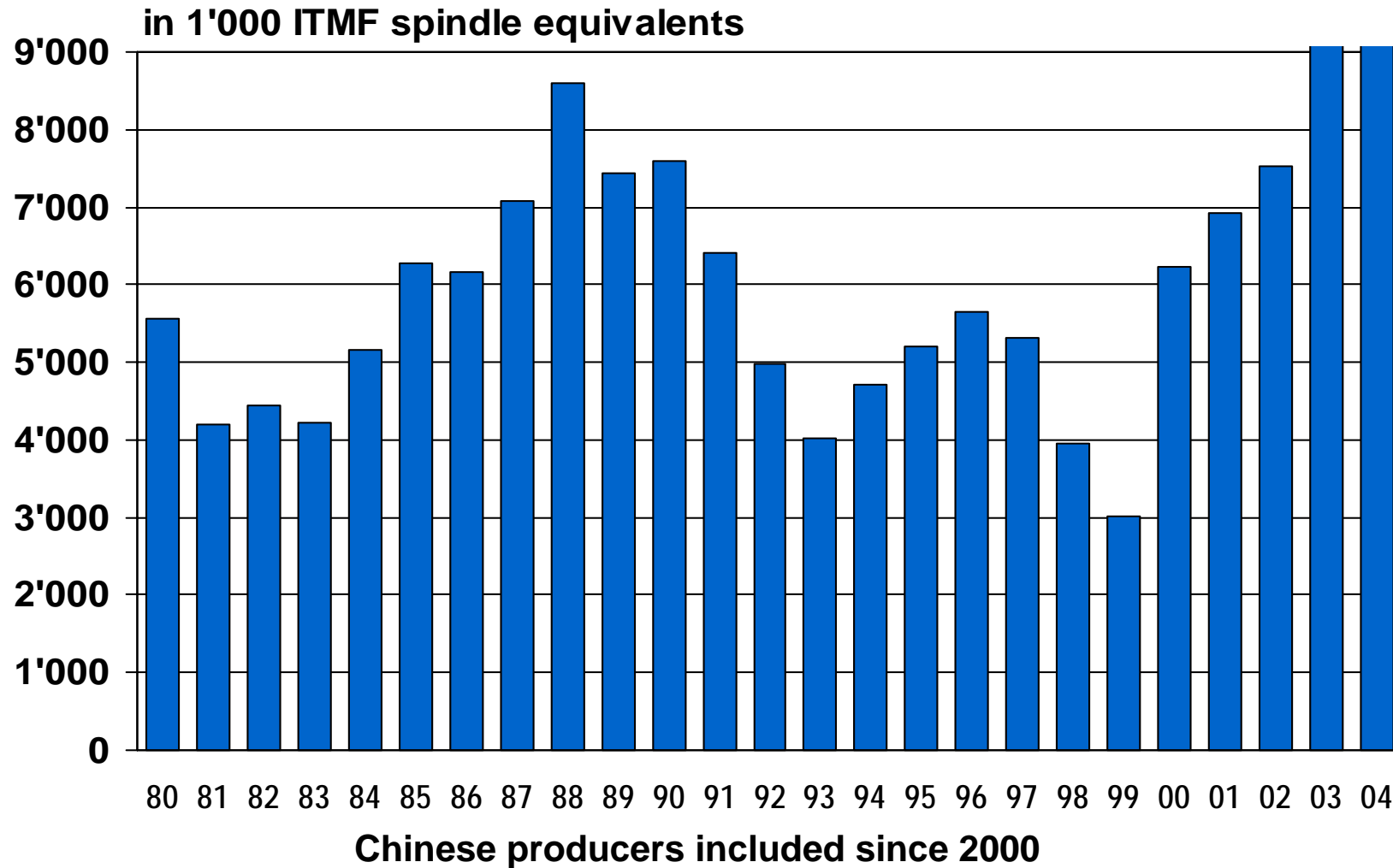
Rieter in India



The leading systems supplier in the spinning process

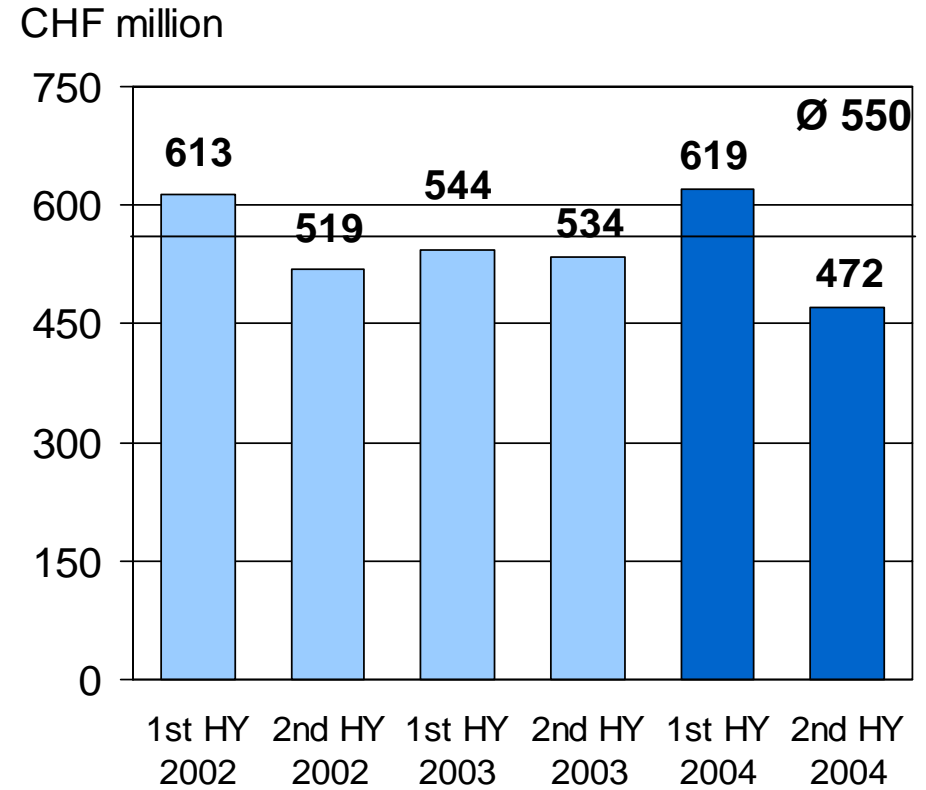
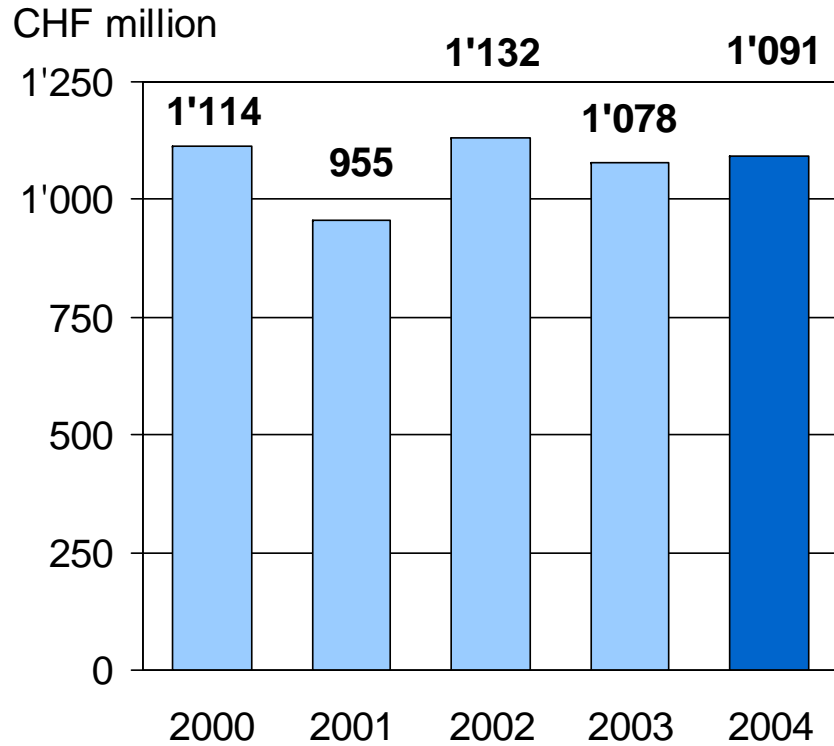


Market – shippings of staple fiber machinery



Source: ITMF - International Textile Machinery Shipment Statistics 1980-2003, Rieter Estimate 2004

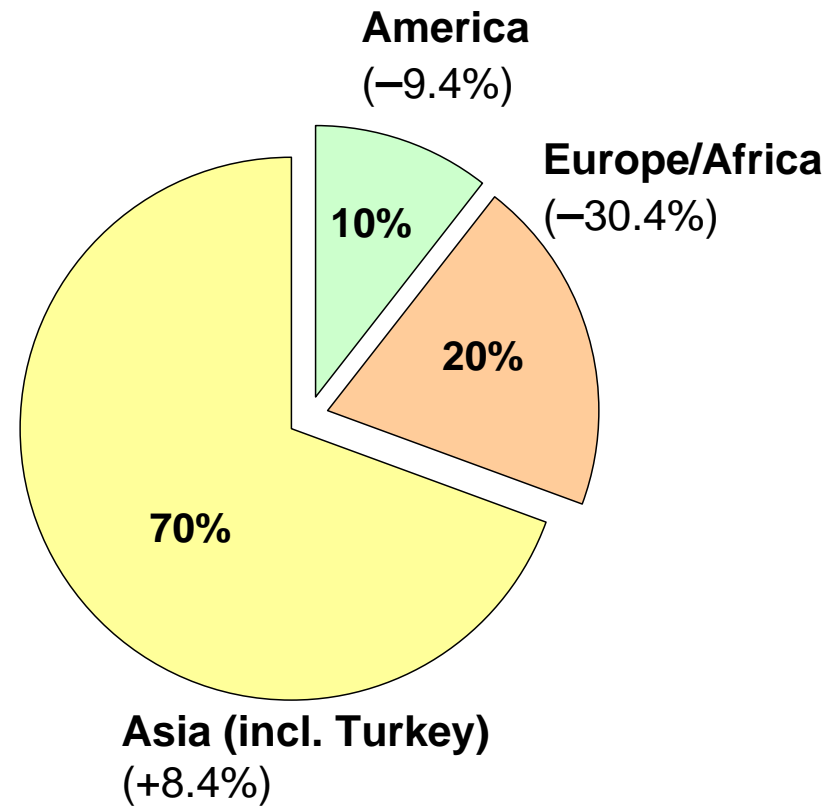
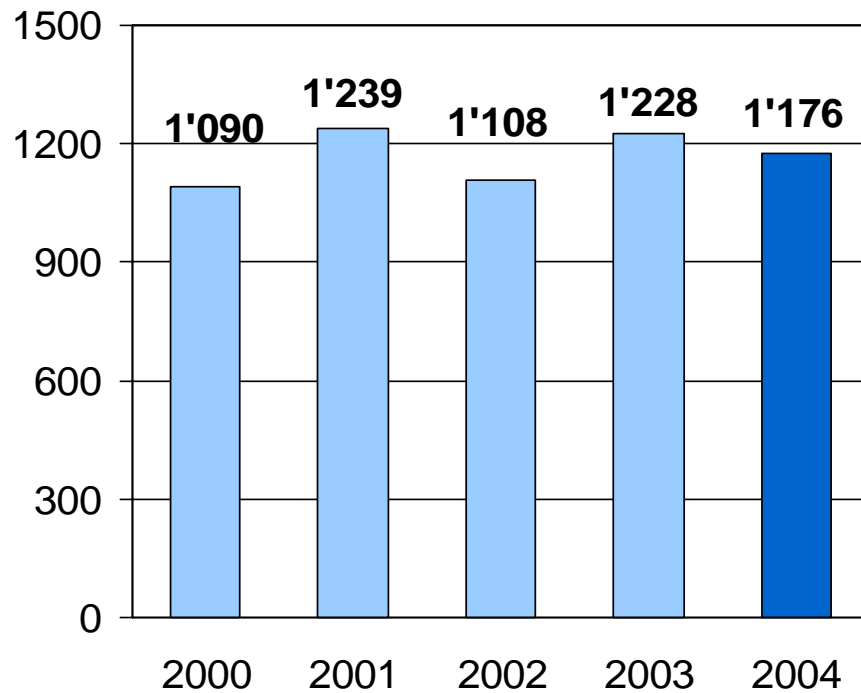
Textile Systems: Orders received



Sales

by geographical region

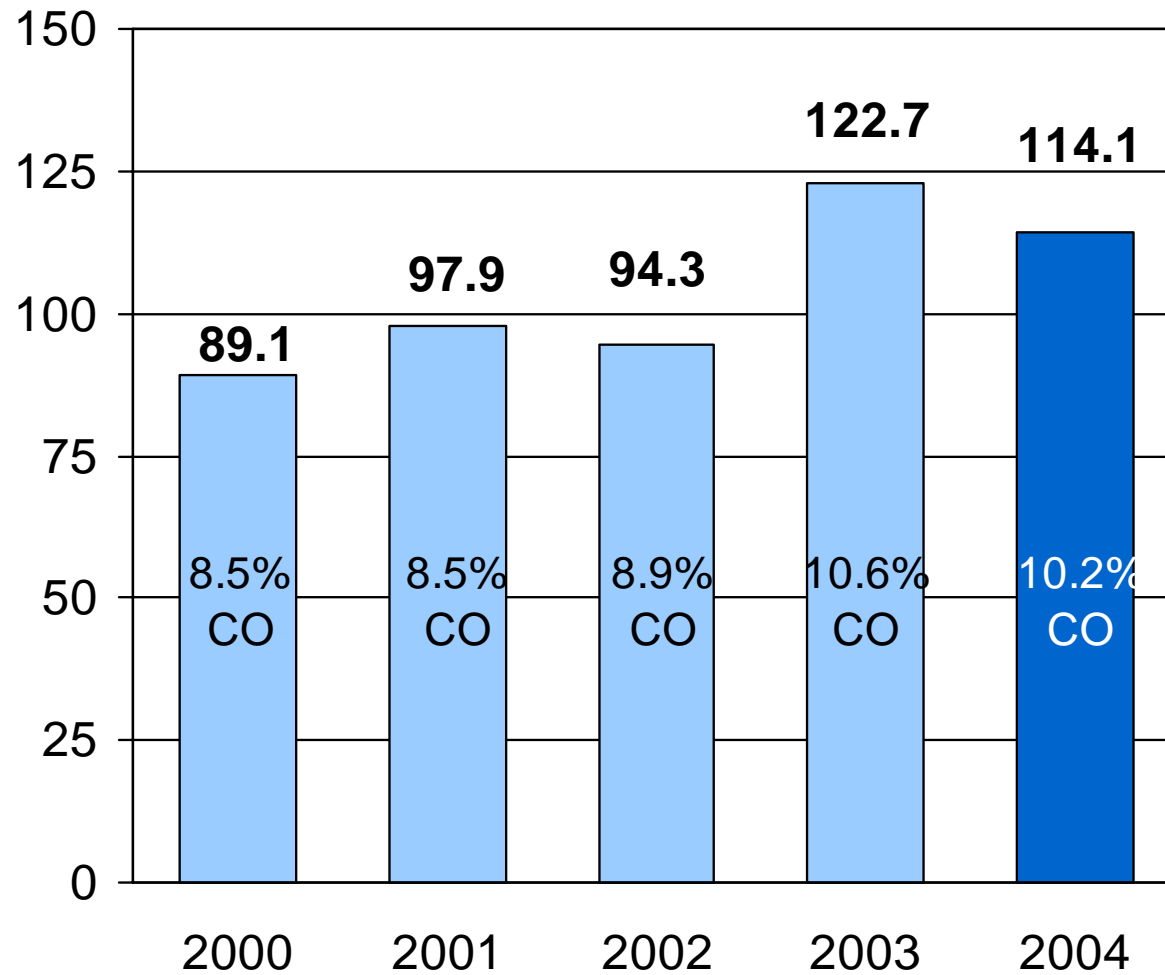
CHF million



Textile Systems: EBIT



CHF million



CO = Corporate output

Staple fiber spinning mill, Brennet/Germany 2004



Innovation: Staple fiber machines



R40: Longest rotor spinning machine with 360 positions



Innovation: Staple and chemical fiber machines **RIETER**

K44: Longest compact spinning machine with 1200 positions



Expansion of application range: Micro polyester fibers and mixed fibers

Tire Cord Cabling CP



New generation of cabling machines for carpet yarn and tire cord

Leading supplier of integrated acoustic systems

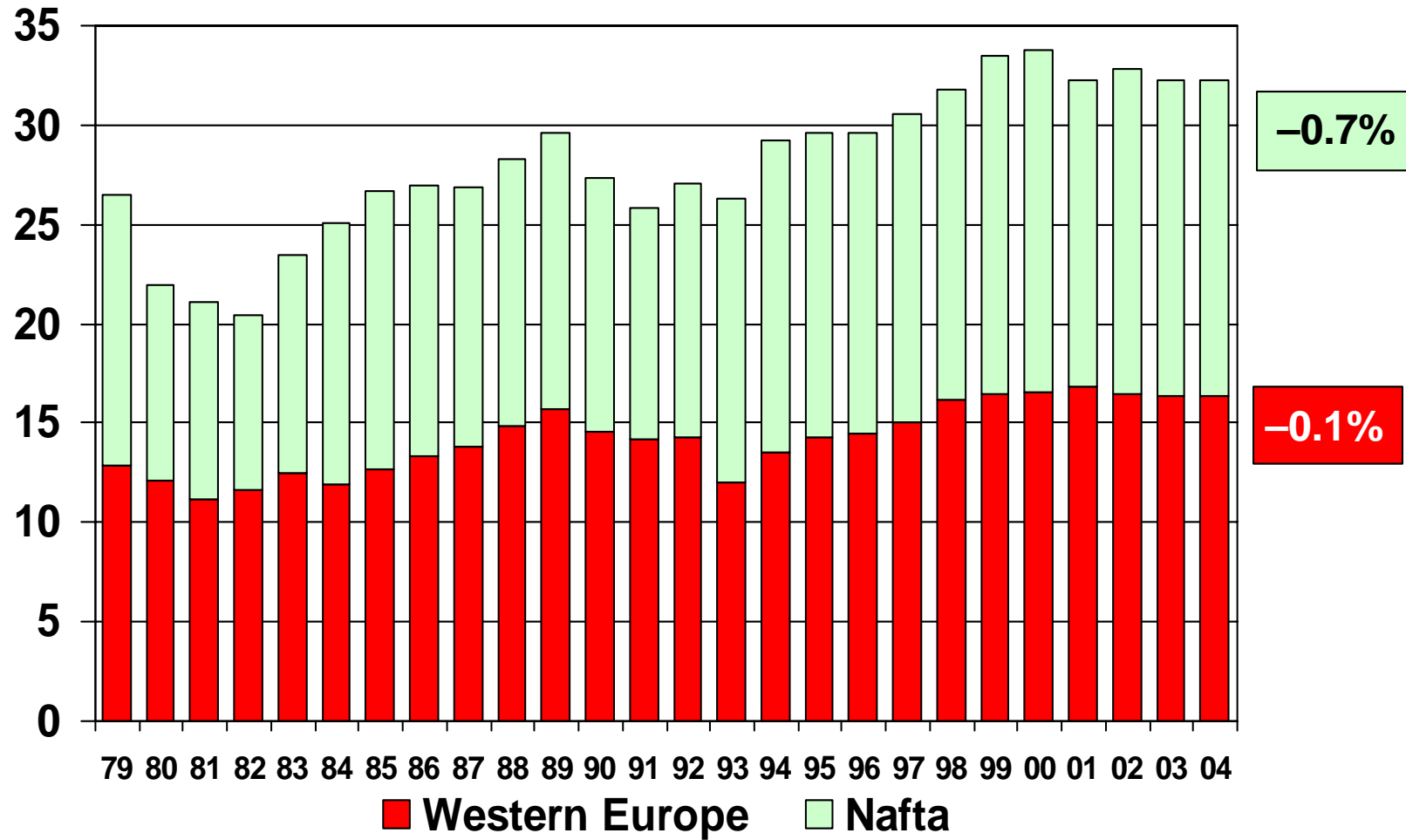


Global car production 61.1 m (+ 4.8%)



vehicles in million

change in % to previous year



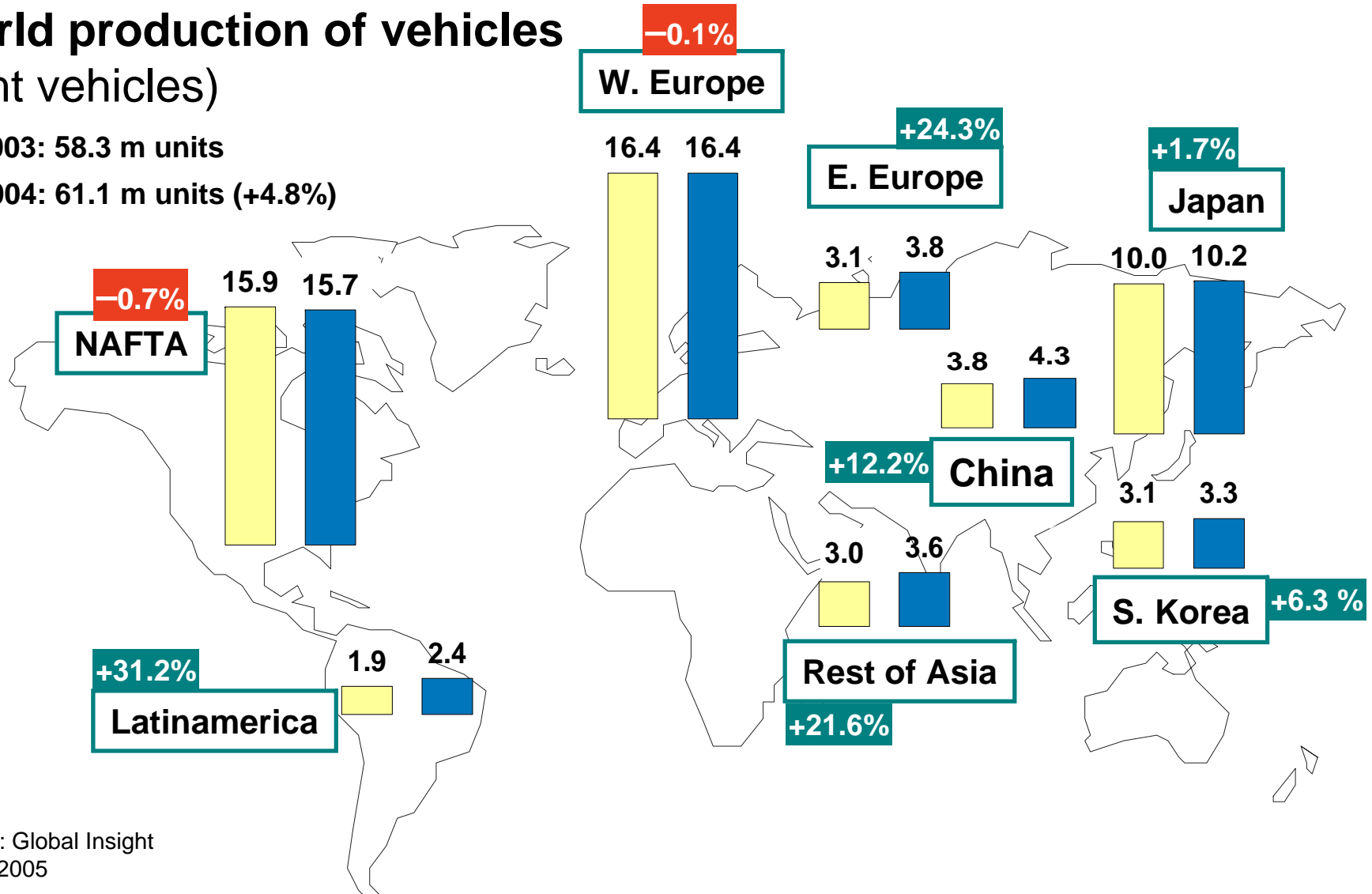
Source: DRI World Car Industry Forecast, March 2004

Production volumes 2004 in main markets



World production of vehicles (light vehicles)

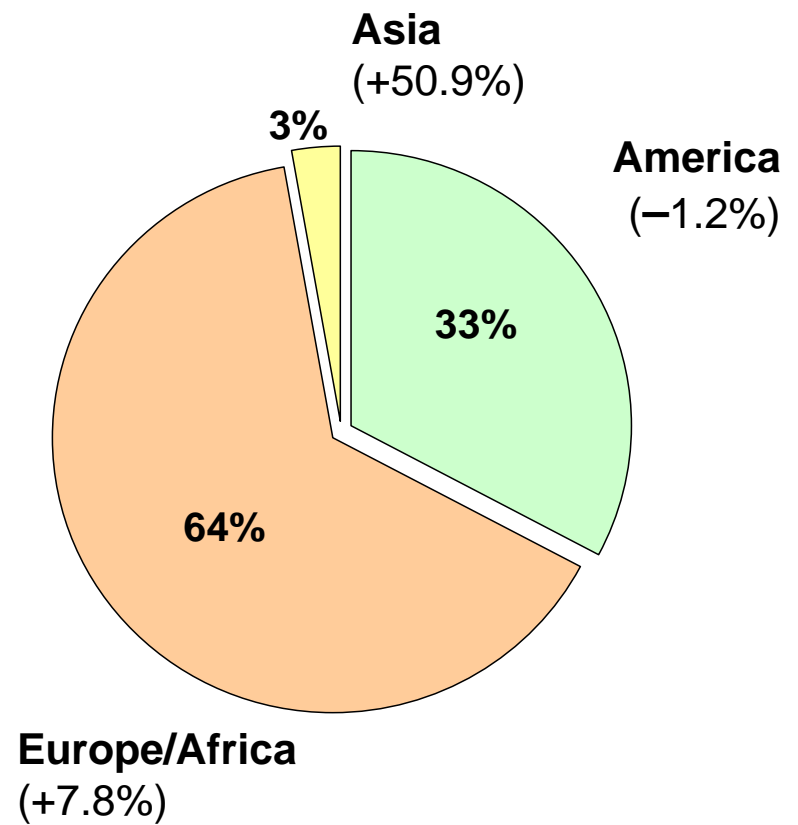
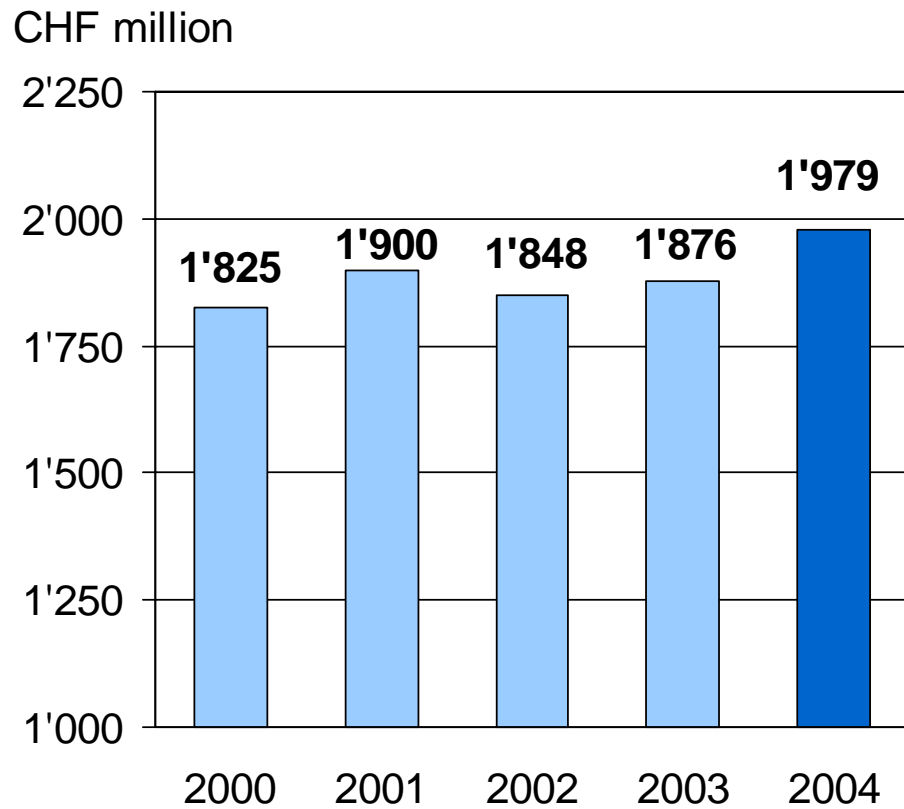
■ 2003: 58.3 m units
■ 2004: 61.1 m units (+4.8%)



Source: Global Insight
March 2005

Sales

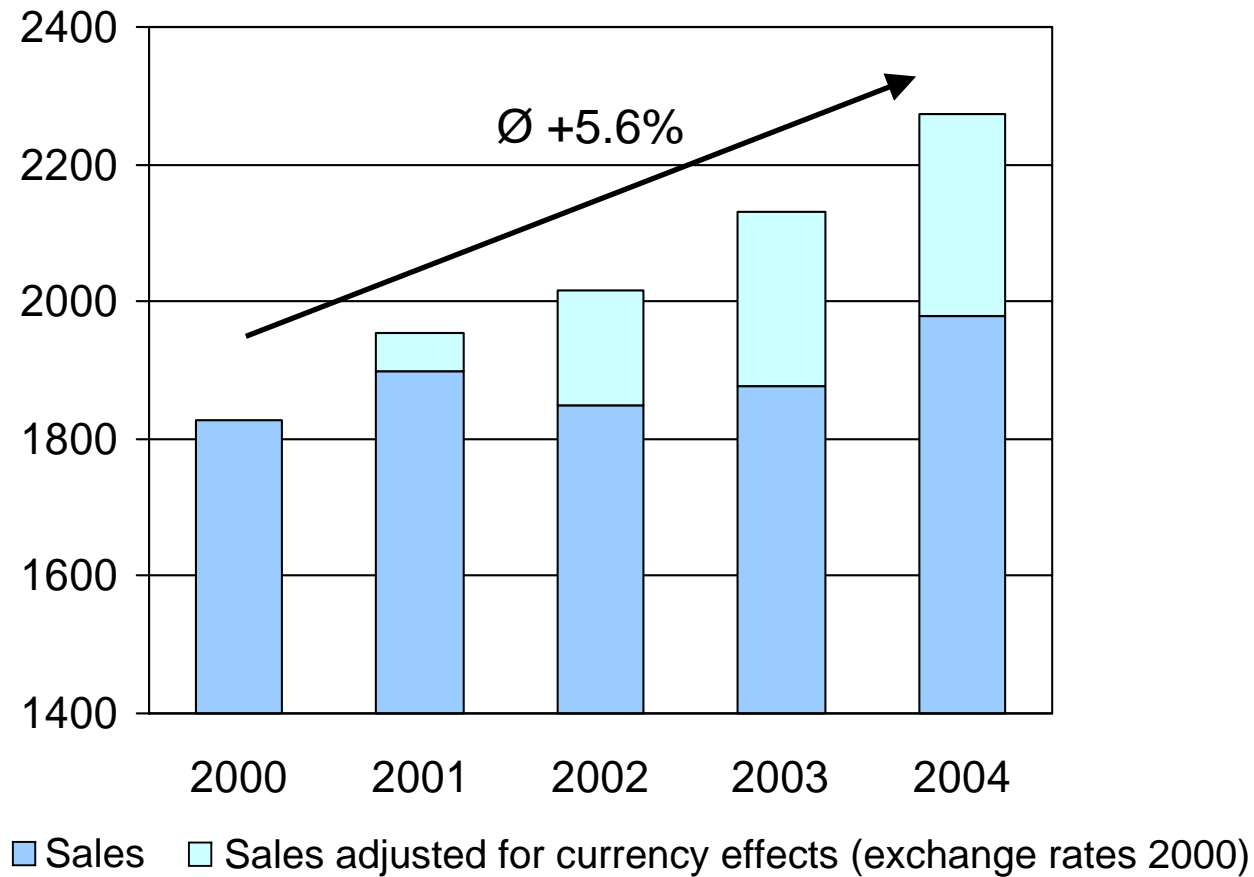
by geographical region



Automotive Systems: Sales increase



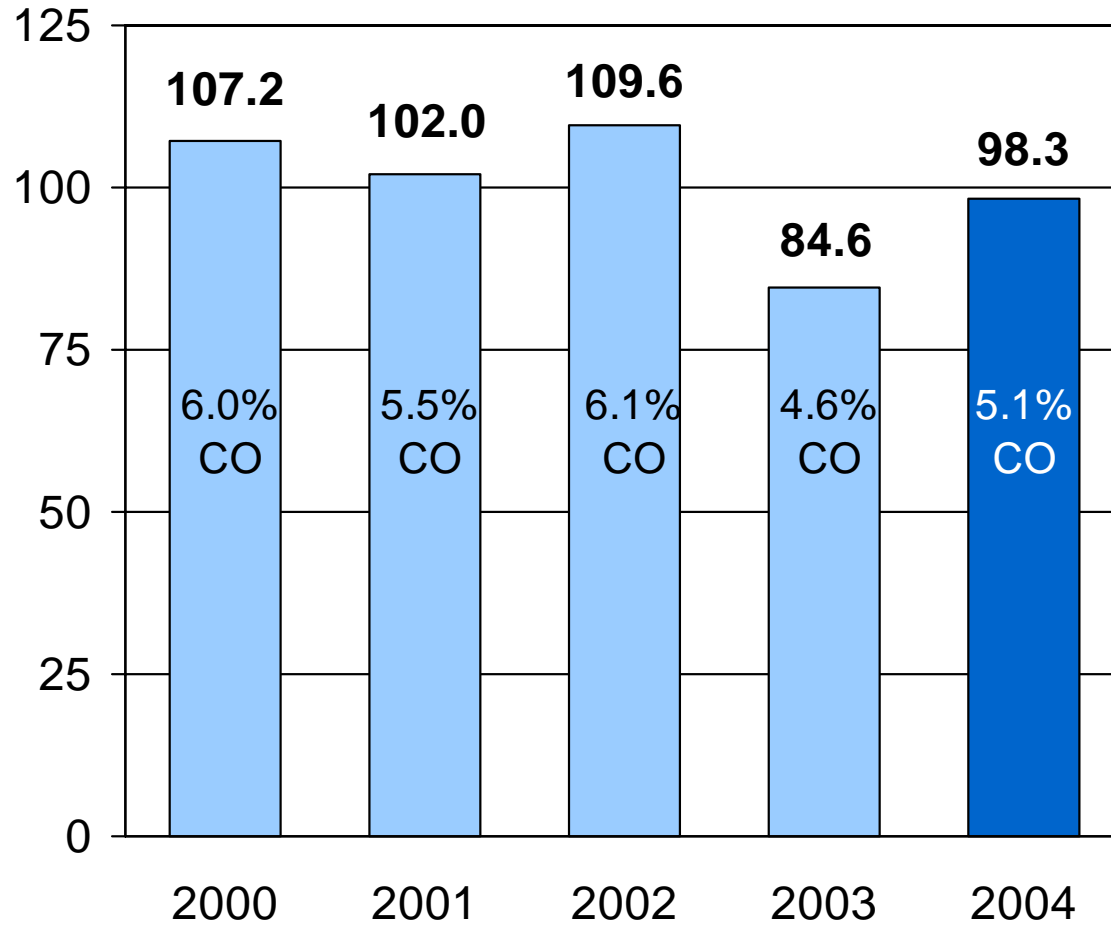
CHF million




Automotive Systems: EBIT



CHF million



 +16.2%

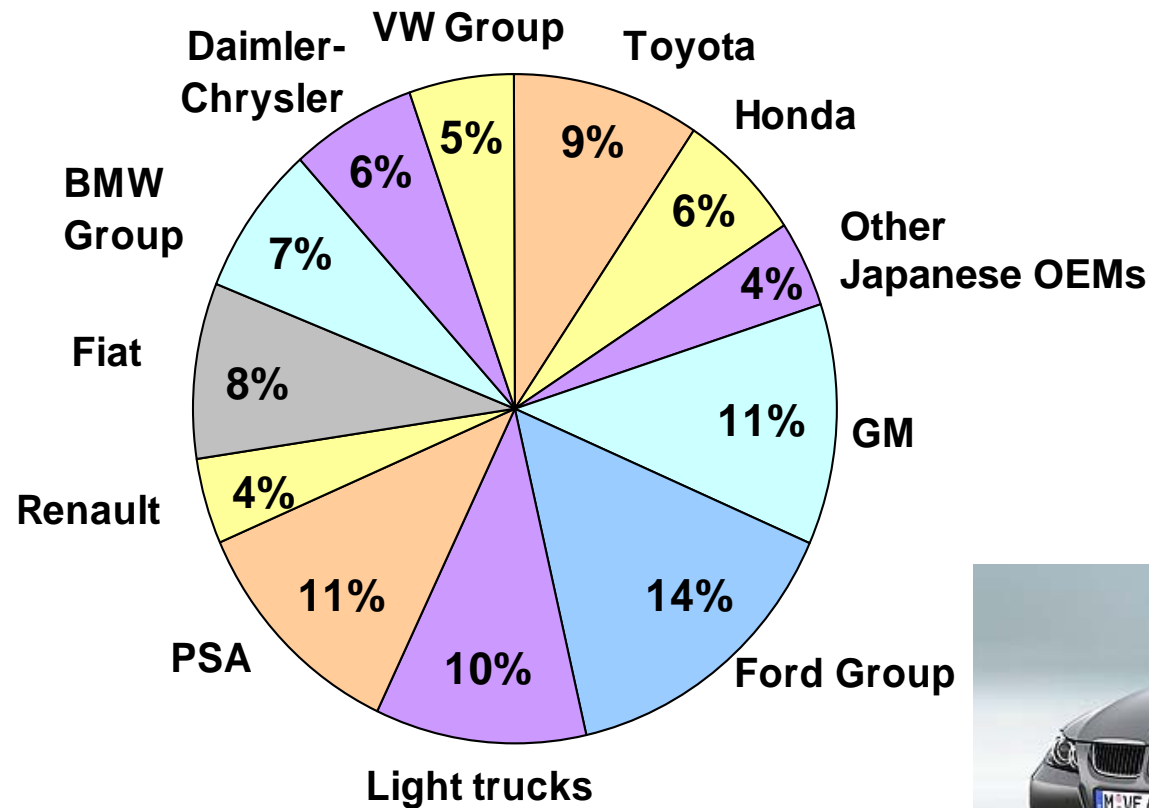
CO = Corporate output

"Roadmap to Profitable Growth"

- Increase of productivity
- Reduction of procurement costs
- Decrease in the use of raw material
- Reduction of fixed costs
- Extension of low-cost locations



Sales per customer group



Sales 2004:
1'979 CHF million



New models with Rieter components



Citroen C4



Chrysler 300



Toyota Corolla



VW Golf



Mercedes M Class

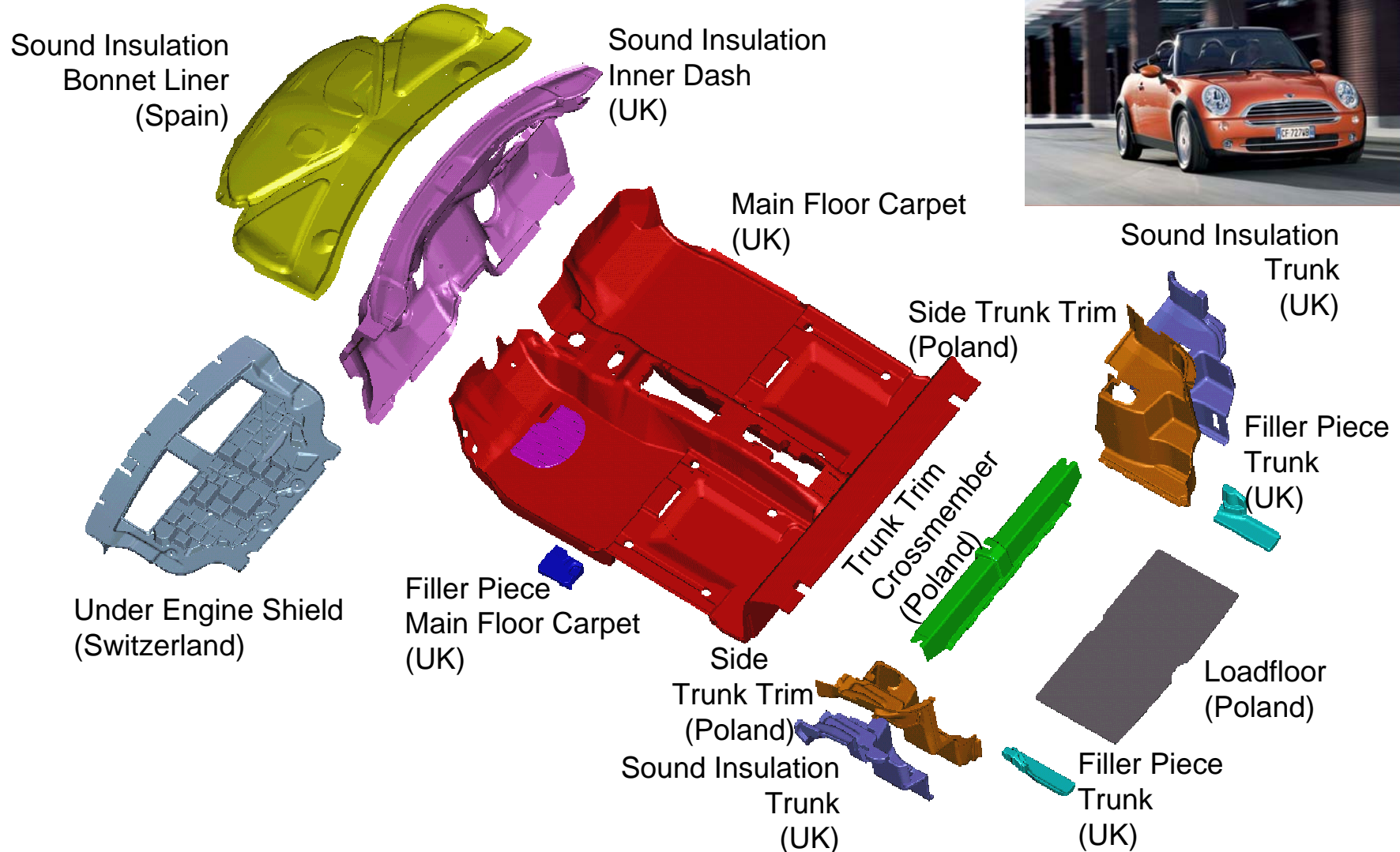


Scania R580

Rieter components for the Mini Cabrio ...



... from several European locations



Underfloor components & systems

Underfloor components with integrated acoustic and heat damping functions also improve aerodynamics.



Mercedes A-Class



VW Polo



Audi Allroad quattro

Innovation: Abaca fibers for the car industry



Abaca plant



Fiber harvest

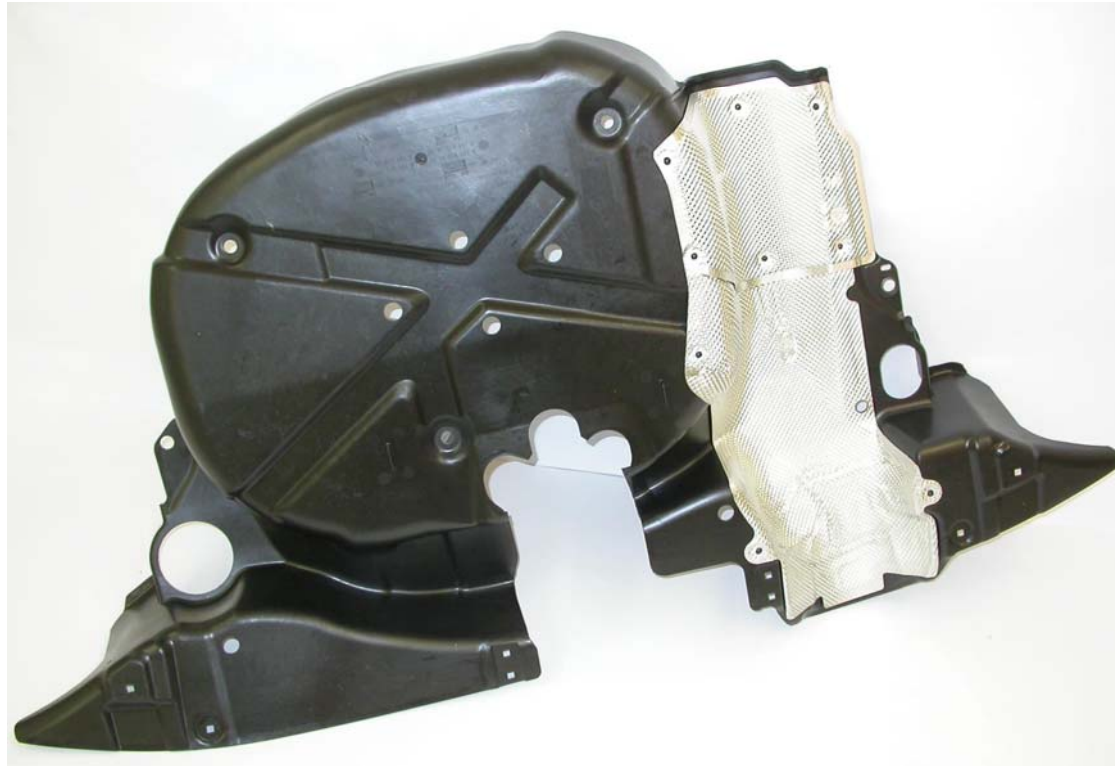


Abaca fibers at Rieter's production site

Winner of the JEC Award



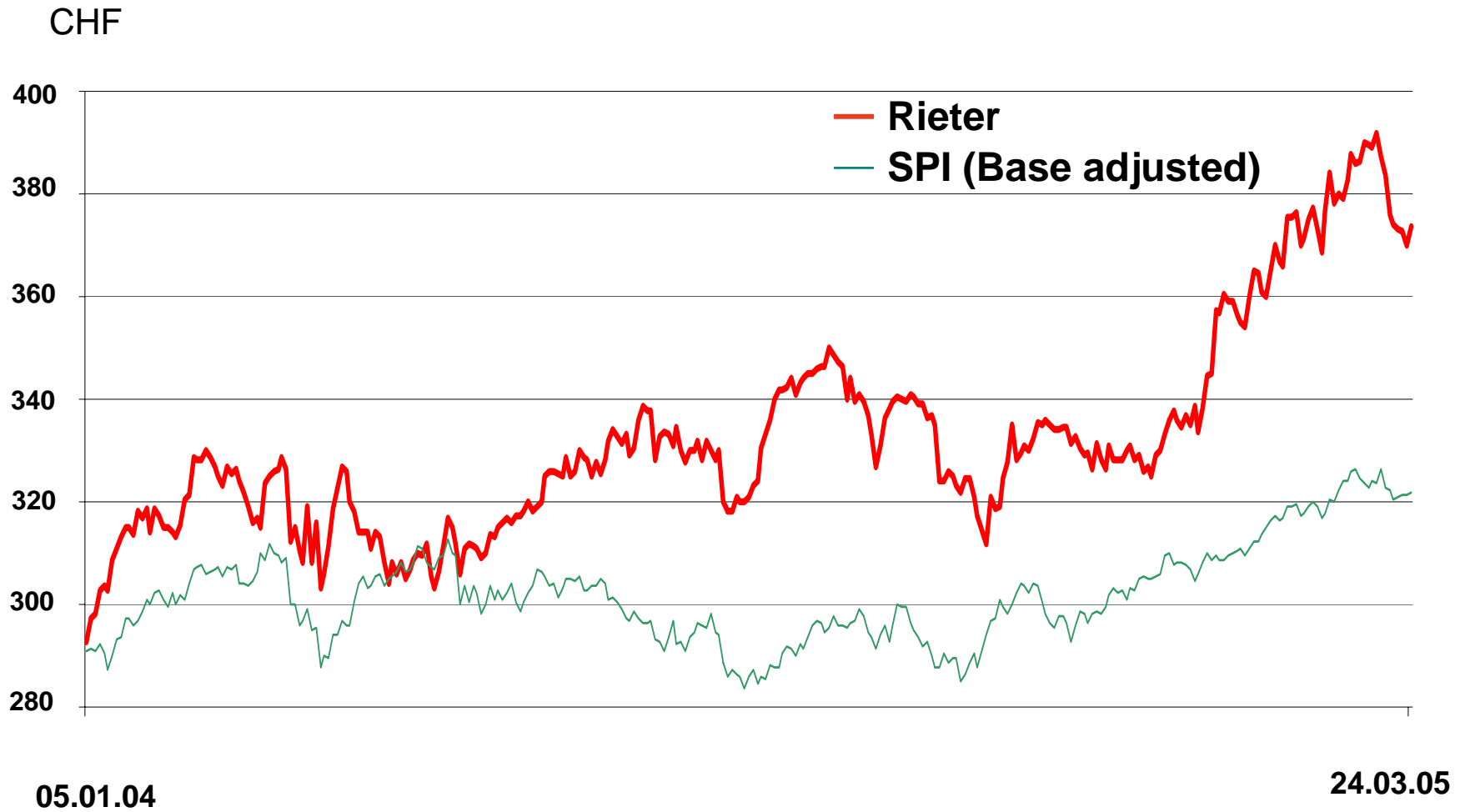
Underfloor shield of the new Mercedes A-Class, reinforced with the natural fiber Abaca



JEC = Journals and Exhibitions on Composites

-
- **Operative performance of Textile Systems very good, Automotive Systems with growth and improved EBIT**
 - **Both divisions well-positioned; innovative potential as base for internal growth**
 - **Rieter Group in excellent financial shape, ready for the expansion of its business**

Share price development 2004/2005



Strategy and Outlook 2005

Hartmut Reuter
Chief Executive Officer

Basic condition

- **Successful dual strategy with the two pillars Automotive Systems und Textile Systems to be continued**
- **Strong balance sheet and strong cash flow allow for strategic expansion of both divisions and payback of excess liquidity to shareholders**

Basic condition

- **Market leader for staple fiber machines and systems as well as according technology components**
- **Potential for expansion with man-made fibers**
- **Broader product range for nonwovens market**
- **Successful cost management in cyclic markets**

Strategic steps Textile Systems (1)

Expansion of presence in Asia

- Doubling of production capacity in Changzhou/China (today around 300 employees)
- Use of the production capacities at the Suessen plant in Pune/India (around 350 employees)
- Expansion of the local sales, service and engineering capacities



Strategic steps Textile Systems (2)

Strengthening of market position for technology components

- Full integration of Suessen
- Organic growth based on innovation and expansion of customer group
- External growth possible



Strategic steps Textile Systems (3)

Strengthening of the nonwovens machinery business

- New technologies developed (spunbond/meltblown)
- Systems supply with partners successfully carried out



Test installation in development center in Montbonnot/France



Typical application in the medical industry

Basic conditions

- **Acknowledged as technology leader for acoustic and heat management in motor vehicles**
- **Market for acoustic and heat management grows faster than the overall automotive production**
- **Good market position in Europe, North and South America and successful partnership with Nittoku/Japan**
- **Potential in the growth markets Eastern Europe and Asia, especially China**
- **Good operative performance in very many business units, potential for improvement identified (Roadmap)**

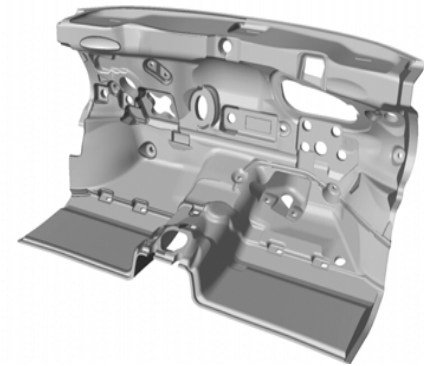
Product innovations for internal growth



Better interior acoustics thanks to Rieter Ultra Light ECO+



Underfloor parts reinforced with natural fibers (Abaca)



Injected Fiber Process (IFP)

Strategic steps Automotive Systems (2)



- **Integration Magee Rieter**
 - Full integration of Magee Rieter opens up growth and cost reduction potential in Northern America
- **Potential for external growth**
 - Industry consolidation in Europa/Germany not yet finished → Potential for external growth



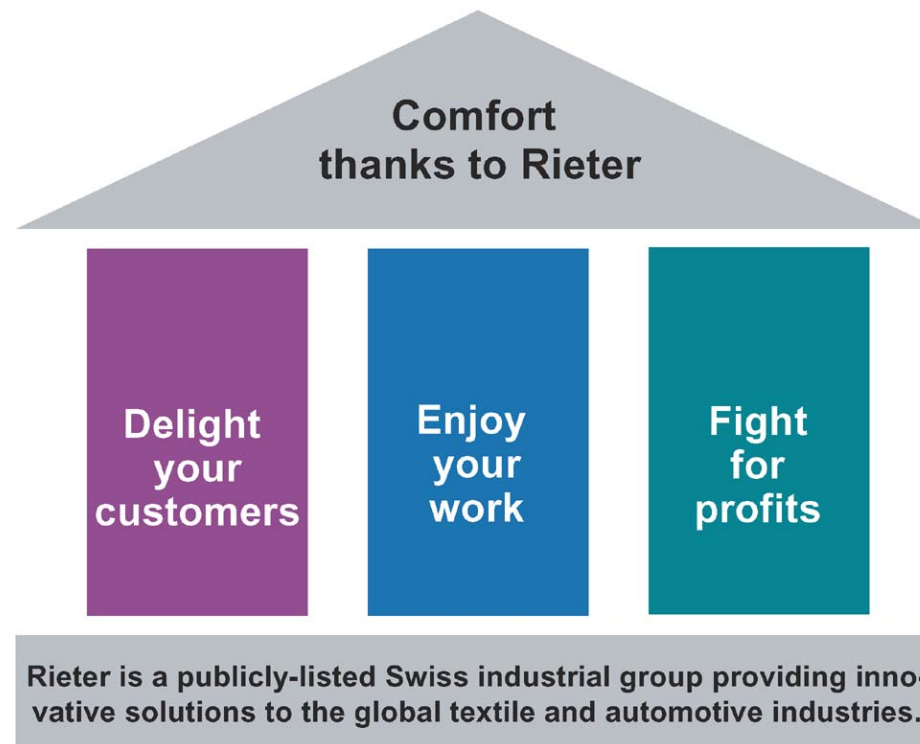
Strategic steps Automotive Systems (3)



- **Expansion in the growth markets in Asia**
 - **JV with Nittoku in China and Thailand for Japanese customers**
 - **Branch office of Idea Institute in China**
 - **Delivery to Chinese and European producers in China under discussion**



Rieter Group: Values and Principles



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