

Welcome to the Financial Analysts' Conference

Continued Strategic Development in 2005



„We felt a strong headwind in both textile machinery and automotive markets especially in the first half-year and therefore posted a decline in sales and operating result. However, the good financial markets helped us to compensate, so net profit reached the level of the previous year.“

„In 2005, the Rieter Group set the course for further profitable growth.“

Hartmut Reuter,
CEO Rieter Group

Highlights Rieter Group 2005 (1)



- **Sales and operating result below the previous year – Orders and net profit increased**
 - Textile Systems: sales and operating result declined; Order intake in HY2 increased considerably
 - Automotive Systems: sales and operating result improved
 - Good financial result
- **Group financially stable**
 - High investments in tangible fixed assets and important acquisitions
 - Positive net liquidity and high equity capital ratio
 - Proposed dividend of 10 CHF/share as in previous year

Highlights Rieter Group 2005 (2)



- **Further expansion of presence in Asia for both divisions**
 - Automotive Systems with new plant in North China and expansion of the existing plant in South China
 - Textile Systems in third building expansion phase in Changzhou, China
 - Increasing importance of India for both divisions
- **Strategic strengthening of the technology components business**
 - Complete takeover of Suessen, acquisition of Graf
- **Strengthening of the automotive carpet business in North America**
 - Holding in Magee Rieter increased to 100%
- **Closer to the customer: new manufacturing plants**
 - Poland, England, Spain, USA, China

Share Price Development 2005/2006



RIEN in CHF

Feb 28, 2006:
CHF 509

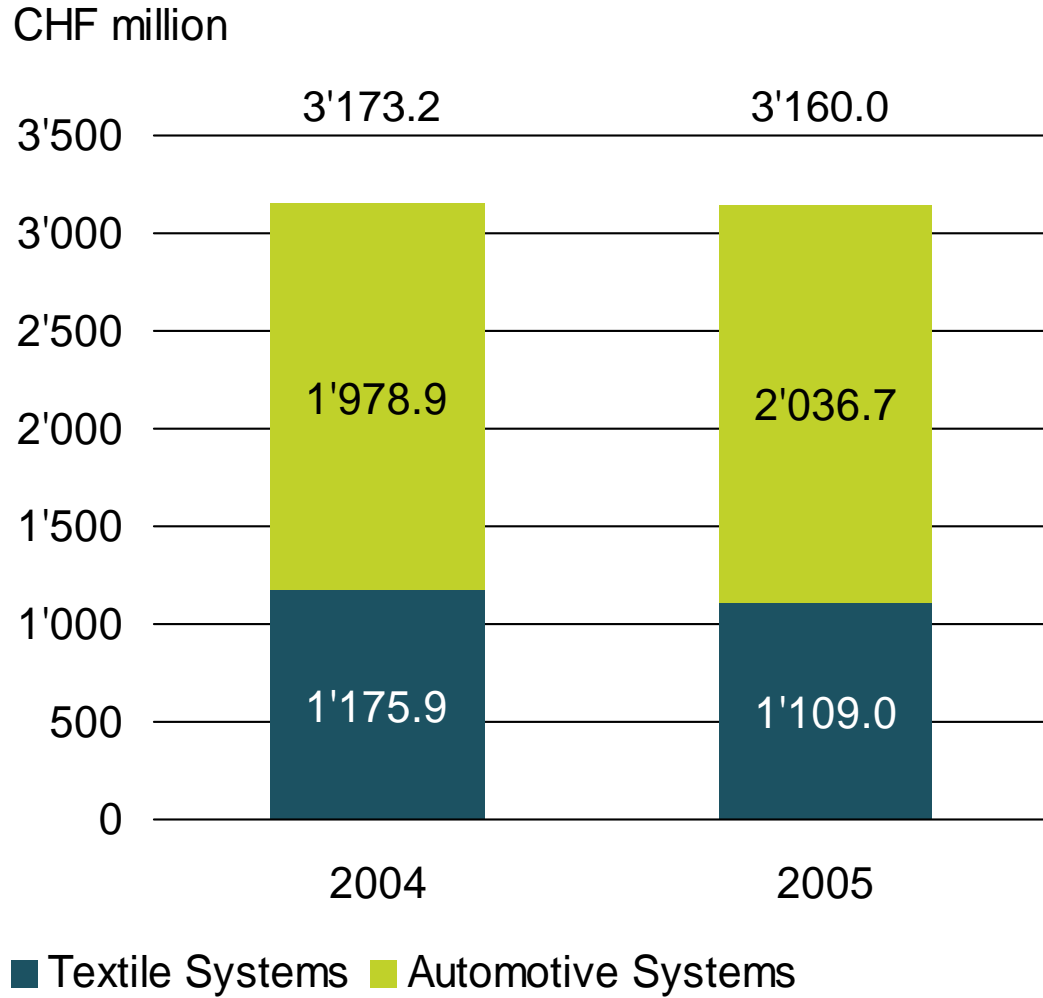




Financial Year 2005

Urs Leinhäuser, Chief Financial Officer

Sales by Division

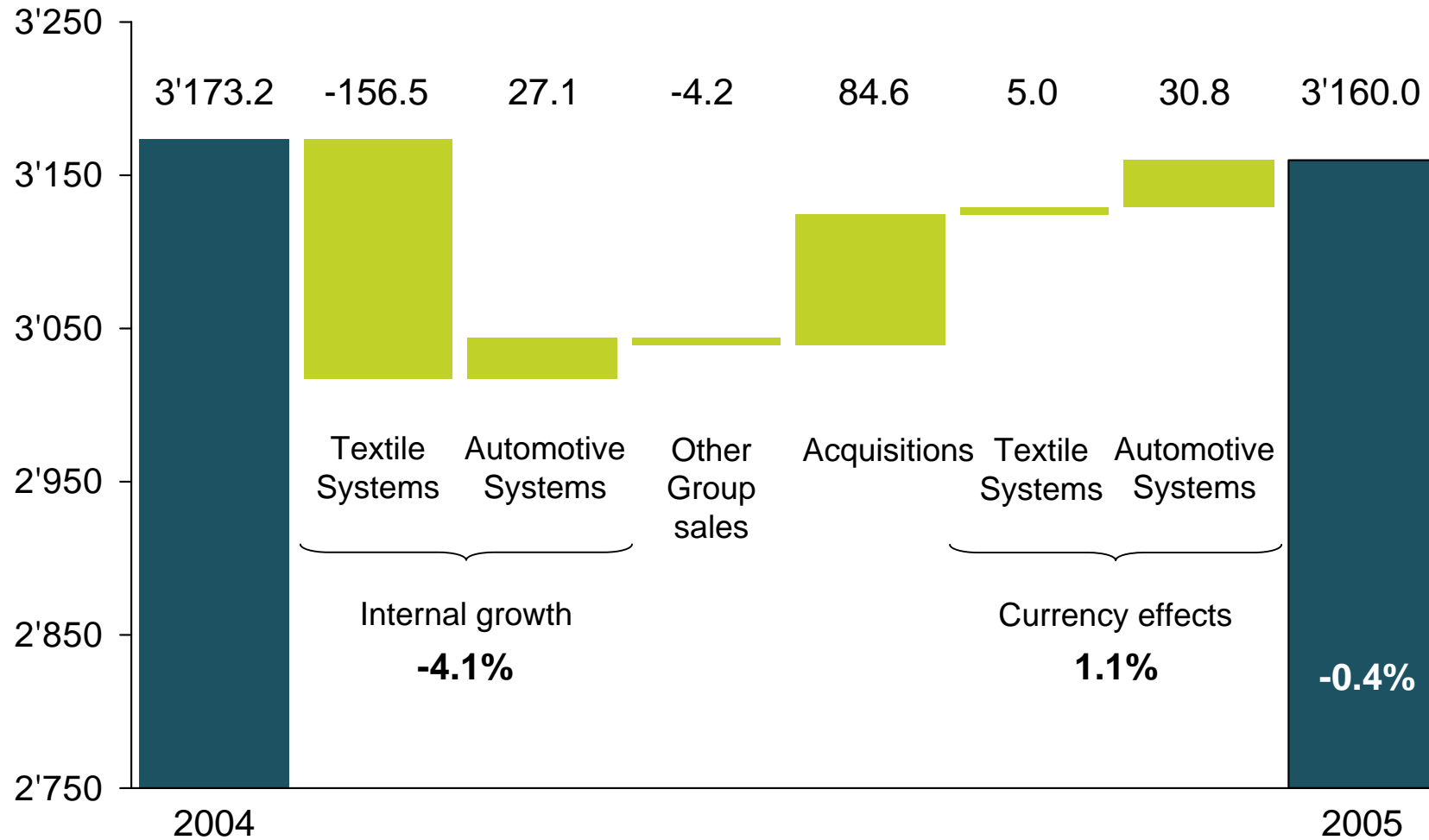


- Group sales almost equaled the record figure of the previous year
- Automotive Systems increased sales despite difficult market environment
- Cyclical decline in sales at Textile Systems

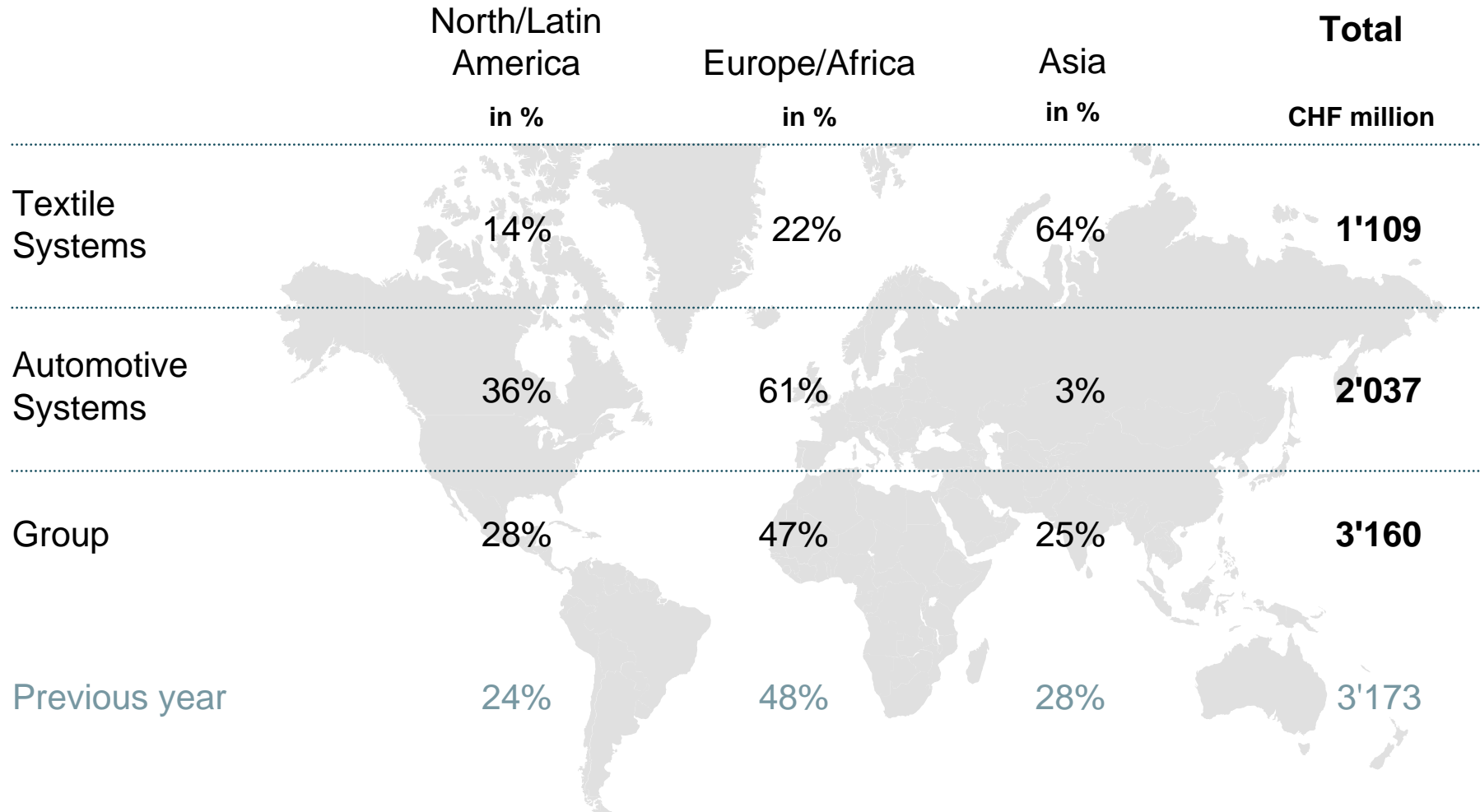
Sales Development for 2005



CHF million



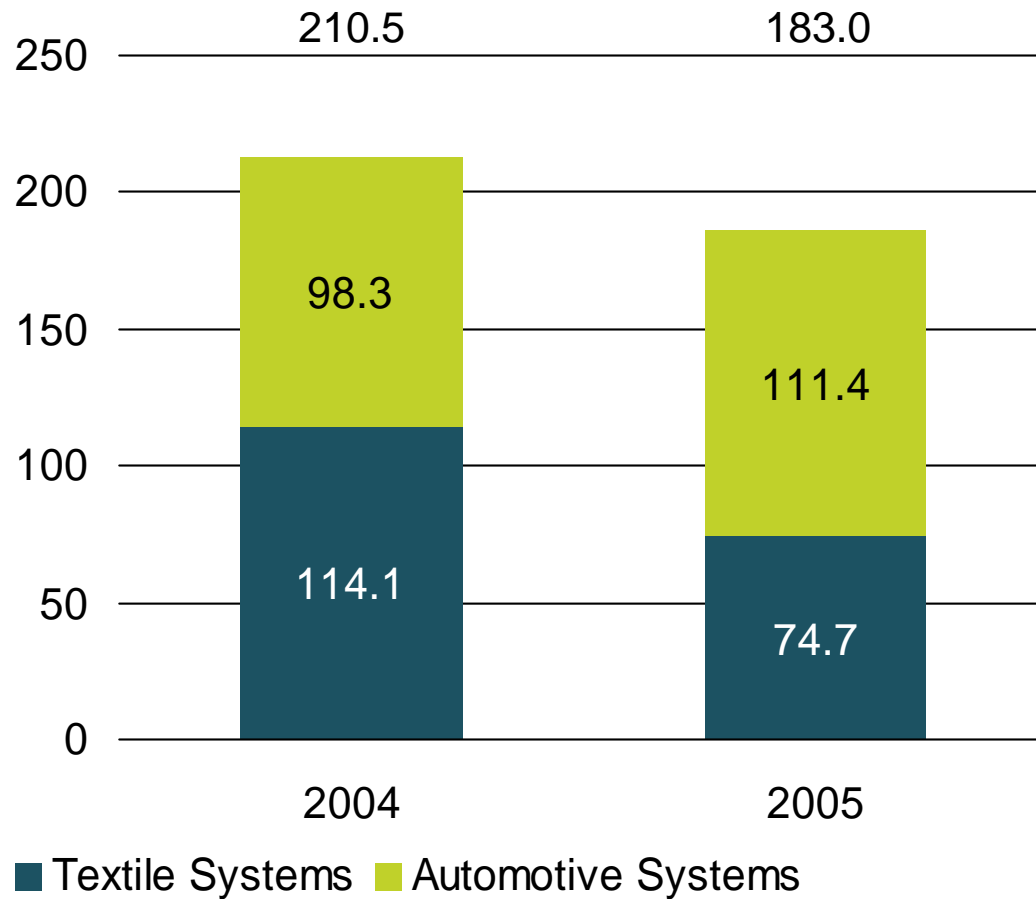
Sales 2005: Global Presence



Operating Result (EBIT)



CHF million

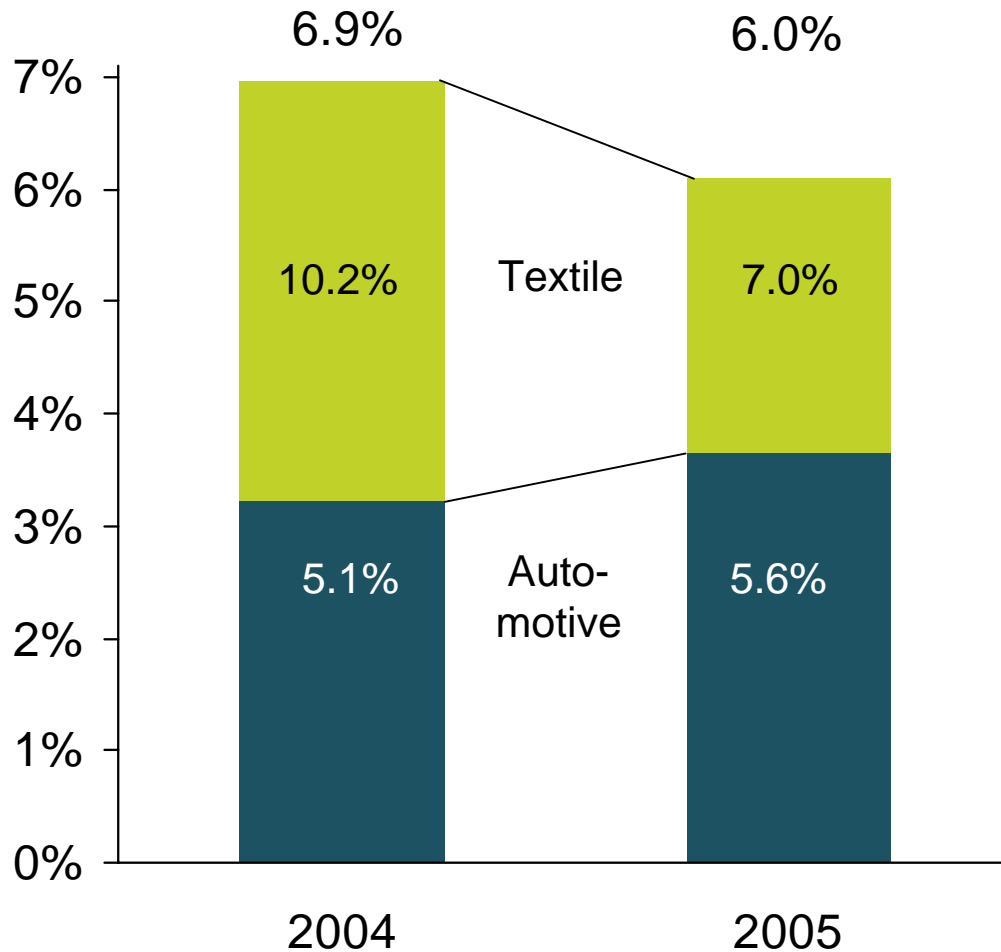


- Operating result (EBIT) below previous year
- Decline of EBIT was due to Textile Systems
- Positive development at Automotive Systems

EBIT Margin



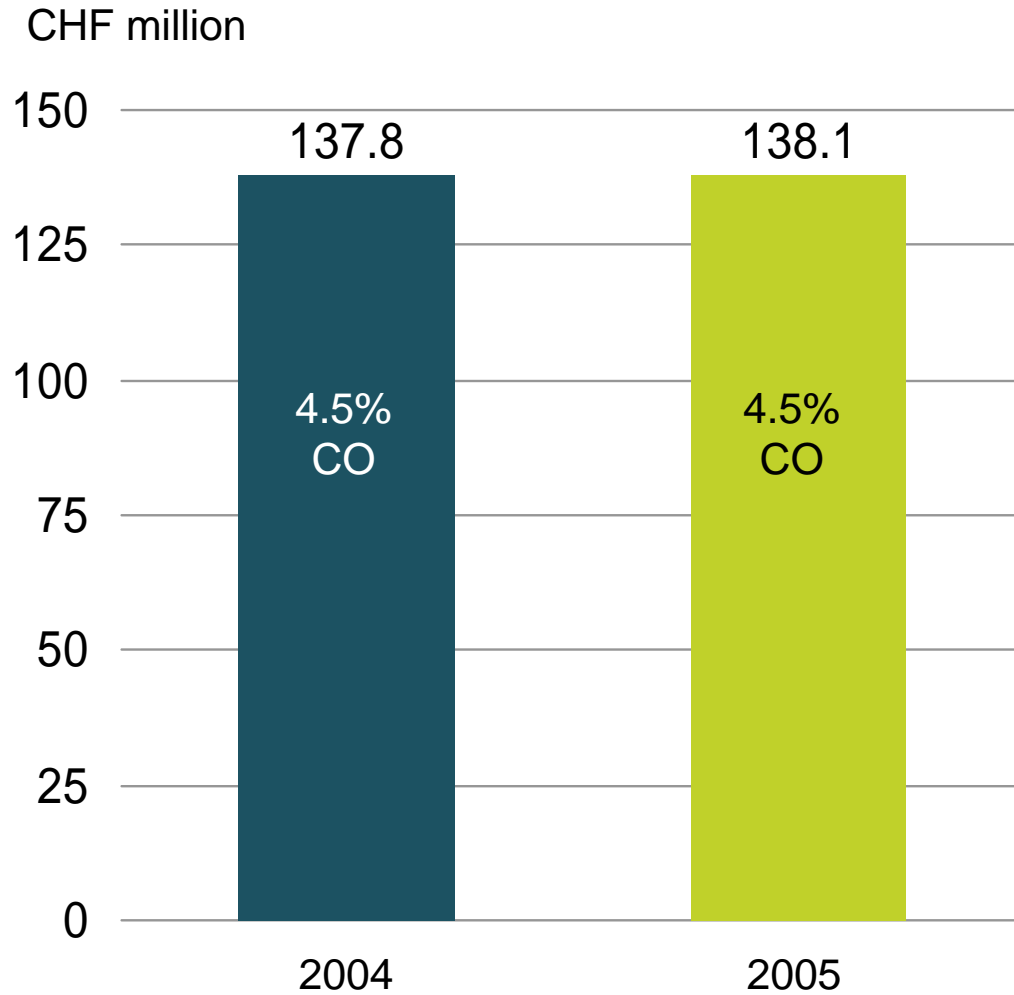
in %
of CO



- Decline due to volume, price and product mix at Textile Systems
- Automotive increased margins, but unable to compensate for the decline at Textile Systems
- HY2 margins for both divisions higher than in HY1

CO = Corporate output

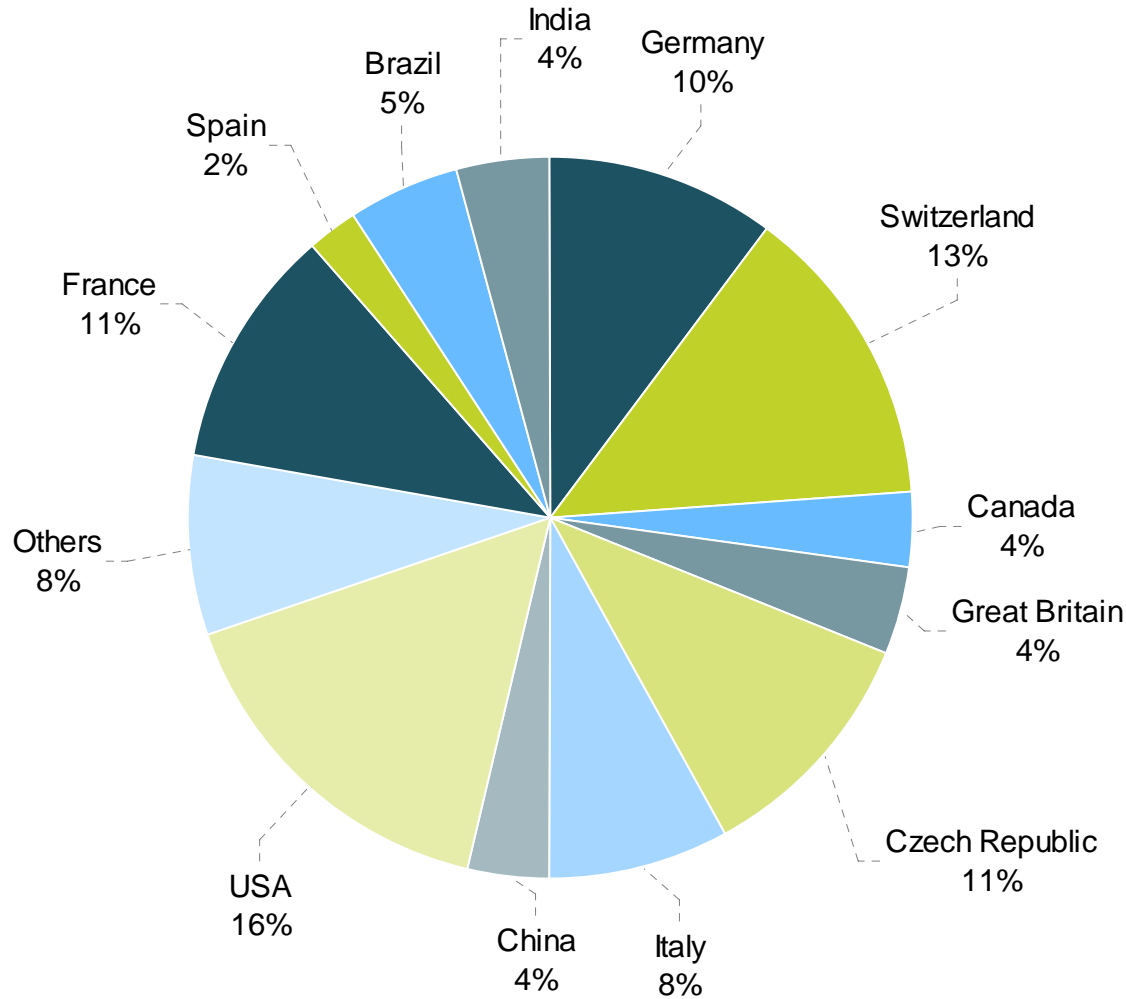
Net Profit



- Net profit maintained despite lower EBIT
- Financial result increased by some 19 million CHF
- Tax rate further reduced to 32%

CO = Corporate output

Number of Employees by Country



- Light increase due to acquisitions in both low- and high-cost countries
- Number of employees in high-cost countries overall decreasing
- 28% of all employees are in low-cost locations

2005: 14'652
 (as of: December 31, 2005)

Balance Sheet



| | 2005 | | △ in % of previous year |
|---|----------------|----------------------|-------------------------|
| | CHF million | in % of total assets | |
| Total assets | 2'714.7 | 100.0 | + 9.0 |
| Non-current assets | 1'159.6 | 42.7 | + 22.8 |
| Goodwill | 151.0 | 5.6 | + 7.5 |
| Net working capital | 256.1 | 9.4 | + 33.3 |
| Cash and cash equivalents/ marketable securities | 430.5 | 15.9 | - 21.3 |
| Financial debt | 333.8 | 12.3 | + 1.2 |
| Shareholders' equity | 1'262.2 | 46.5 | + 10.0 |

- Increase of total assets mainly due to acquisitions
- Solid equity capital ratio

Free Cash Flow



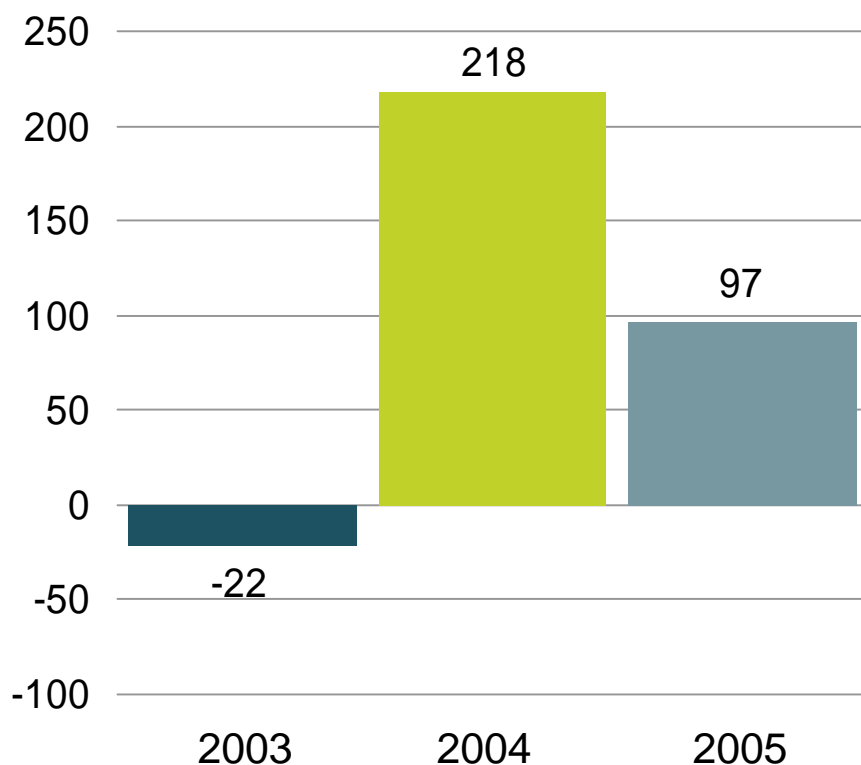
| CHF million | 2005 | 2004 |
|--|--------------|---------|
| Net profit | 138.1 | 137.8 |
| Cash flow | 256.9 | 281.8 |
| Net cash flow | 260.7 | 268.4 |
| +/- Change in net working capital | - 17.9 | 69.7 |
| +/- Capital expenditure on tangible and intangible assets, net | - 161.4 | - 116.1 |
| +/- Change in financial assets, net | - 6.1 | - 6.8 |
| +/- Acquisitions (Suessen & Graf) | - 76.7 | 0.0 |
| Free cash flow | - 1.4 | 215.2 |

- Net working capital increased slightly
- Decrease of free cash flow due to acquisitions and higher capital expenditure

Net Liquidity



CHF million



2005: minus 121 CHF million (vs. 2004)

| | |
|--------------------------------------|------------------|
| Free cash flow | - 1 CHF million |
| Dividend | - 42 CHF million |
| Buyout of minorities | - 60 CHF million |
| Financial debt of acquired companies | - 29 CHF million |
| Own shares | 9 CHF million |
| Other | 2 CHF million |

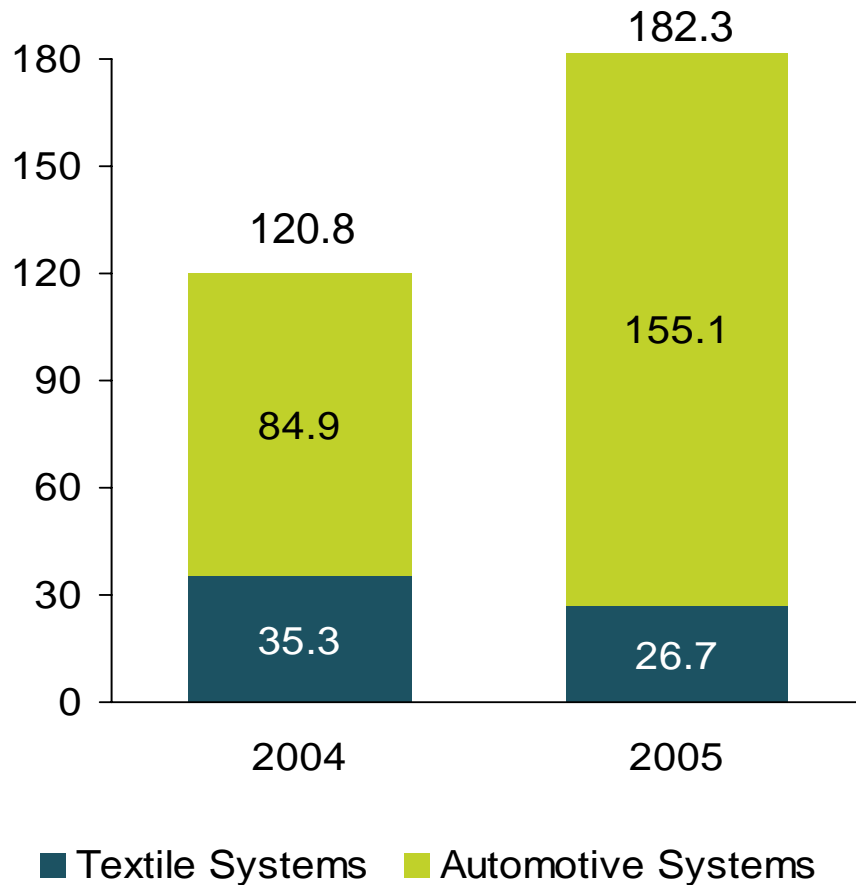
2004: plus 240 CHF million (vs. 2003)

| | |
|----------------|-------------------|
| Free cash flow | + 215 CHF million |
| Dividend | - 35 CHF million |
| Own shares | + 75 CHF million |
| Other | - 15 CHF million |

Capital Expenditure



CHF million



- Total capital expenditure higher in 2005
- “Unique” increase at Automotive due to productivity improvements and various new plants (follow the customer)
- Reduction at Textile Systems in high-cost countries

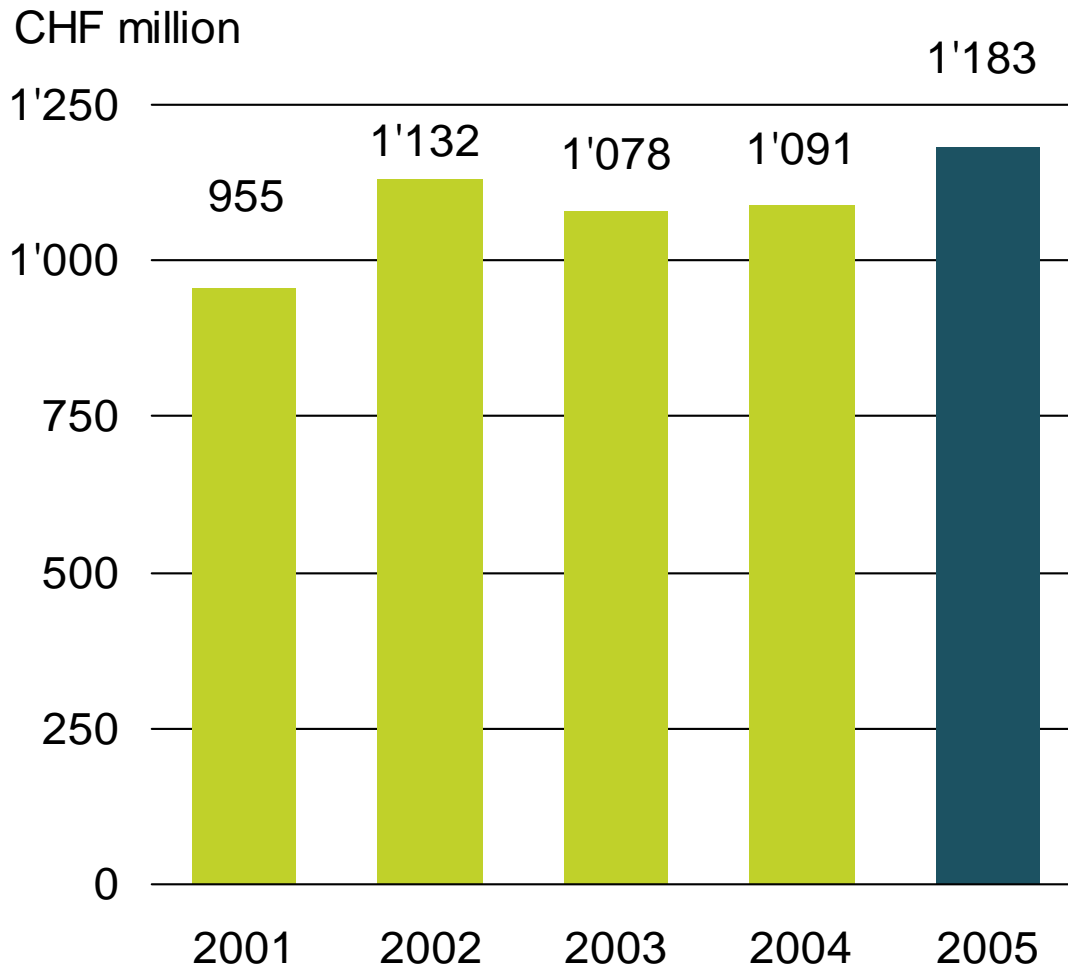
Textile Systems 2005



Leading systems supplier in the spinning process



Textile Systems: Orders Received

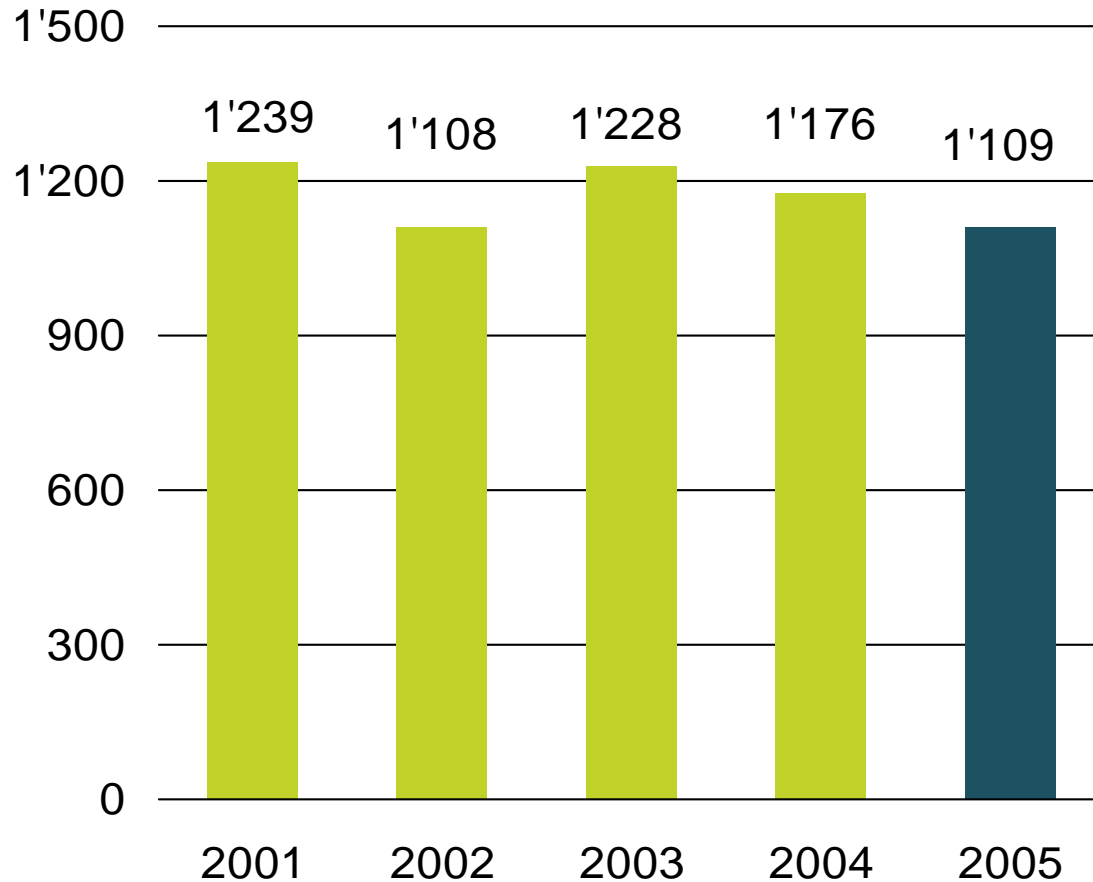


- Order intake 8.4% higher than previous year
- Strong demand from India and Turkey
- Demand focused on machinery and components for staple fibers and nonwovens machinery
- Orders received in HY2 are highest ever

Textile Systems: Sales

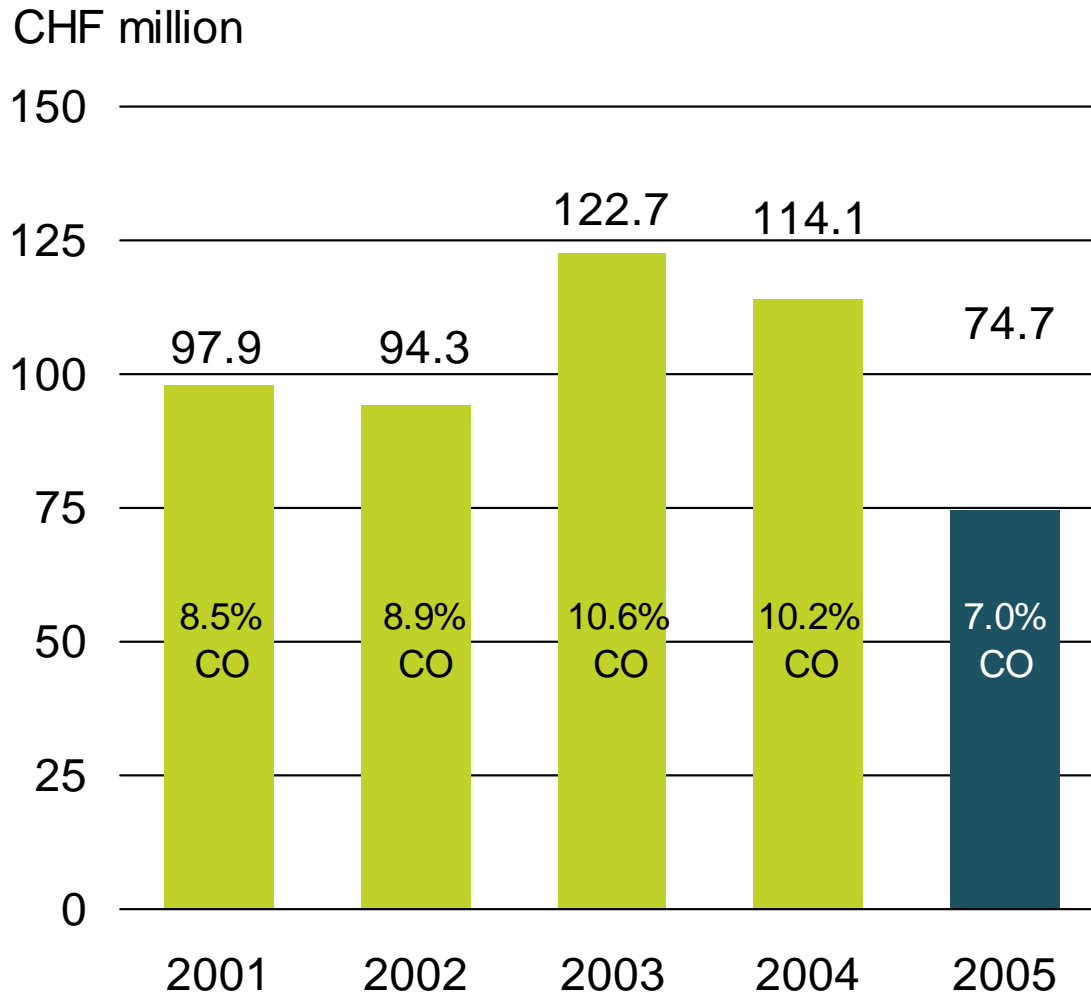


CHF million



- Decline in HY1 not fully compensated
- Suessen and Graf contributed a total of 84.6 CHF million to sales
- The most important markets were India, Turkey, China and Pakistan

Textile Systems: EBIT



- EBIT lower compared to very good previous year
- Reasons: much lower sales, prices, unfavorable product mix
- Low profitability in the man-made fiber machinery business

CO = Corporate output

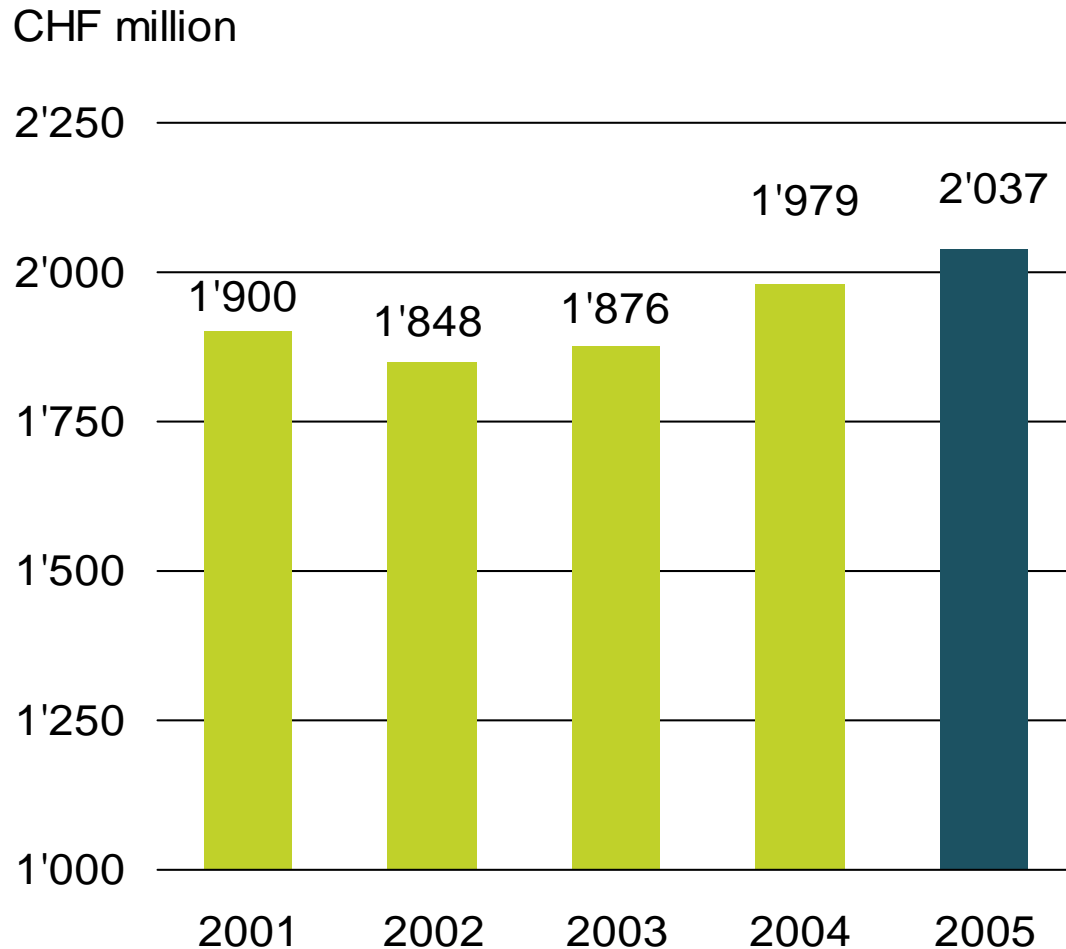
Automotive Systems 2005



Leading supplier of integrated acoustics systems

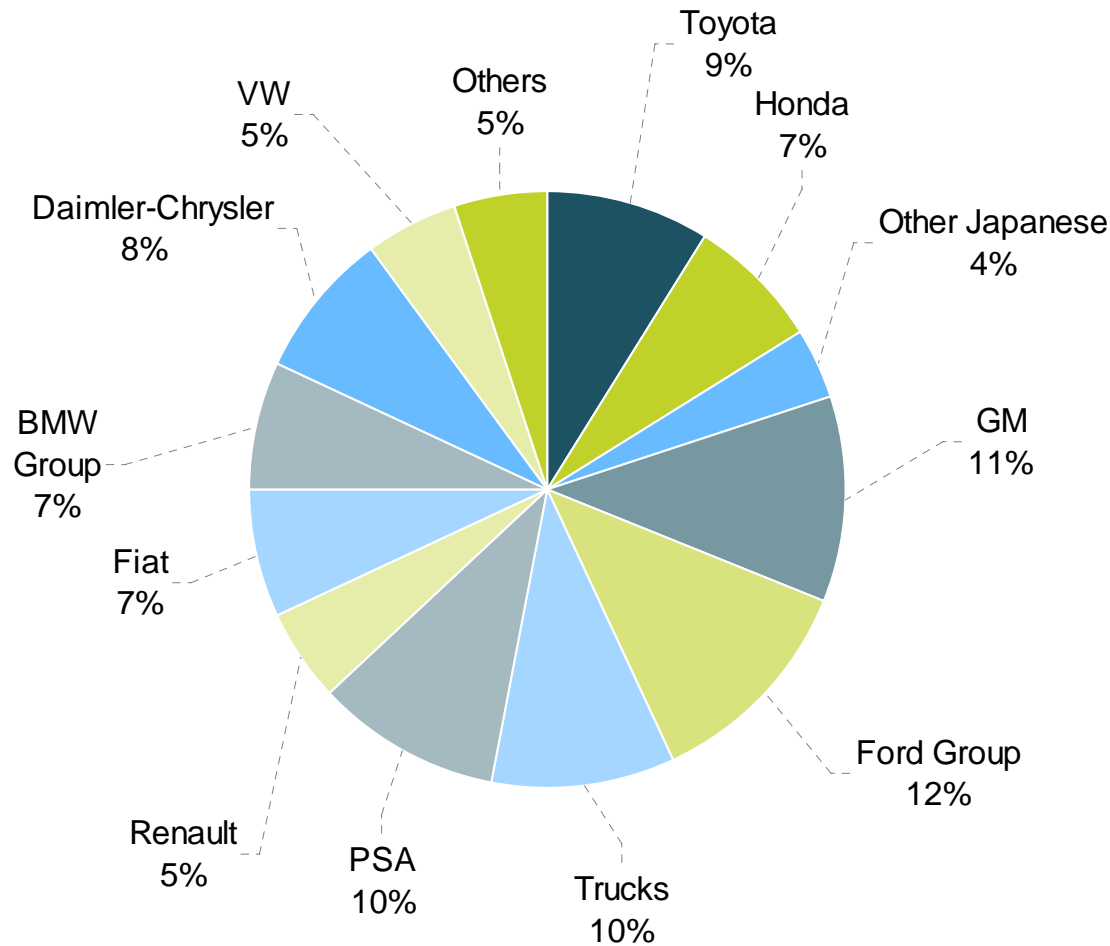


Automotive Systems: Sales



- Sales growth despite stagnation in main markets
- Growth entirely organic
- Higher sales in North America (Japanese OEMs and new projects with a US manufacturer)
- Lower sales in Europe (Southern European OEMs and model change)

Automotive Systems: Sales per Customer Group

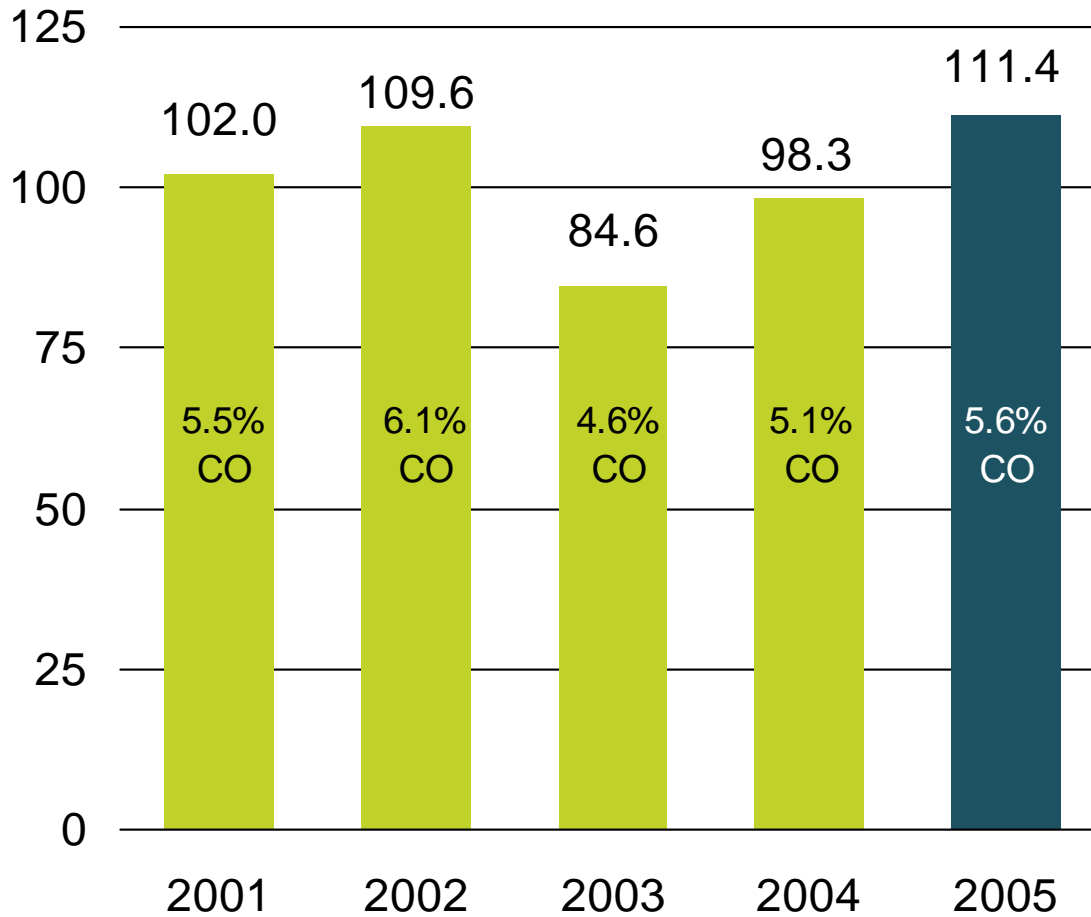


- Broad customer portfolio
- Strong position with Japanese manufacturers
- 2% point increase on previous year for DaimlerChrysler (Jeep Cherokee)

Automotive Systems: EBIT



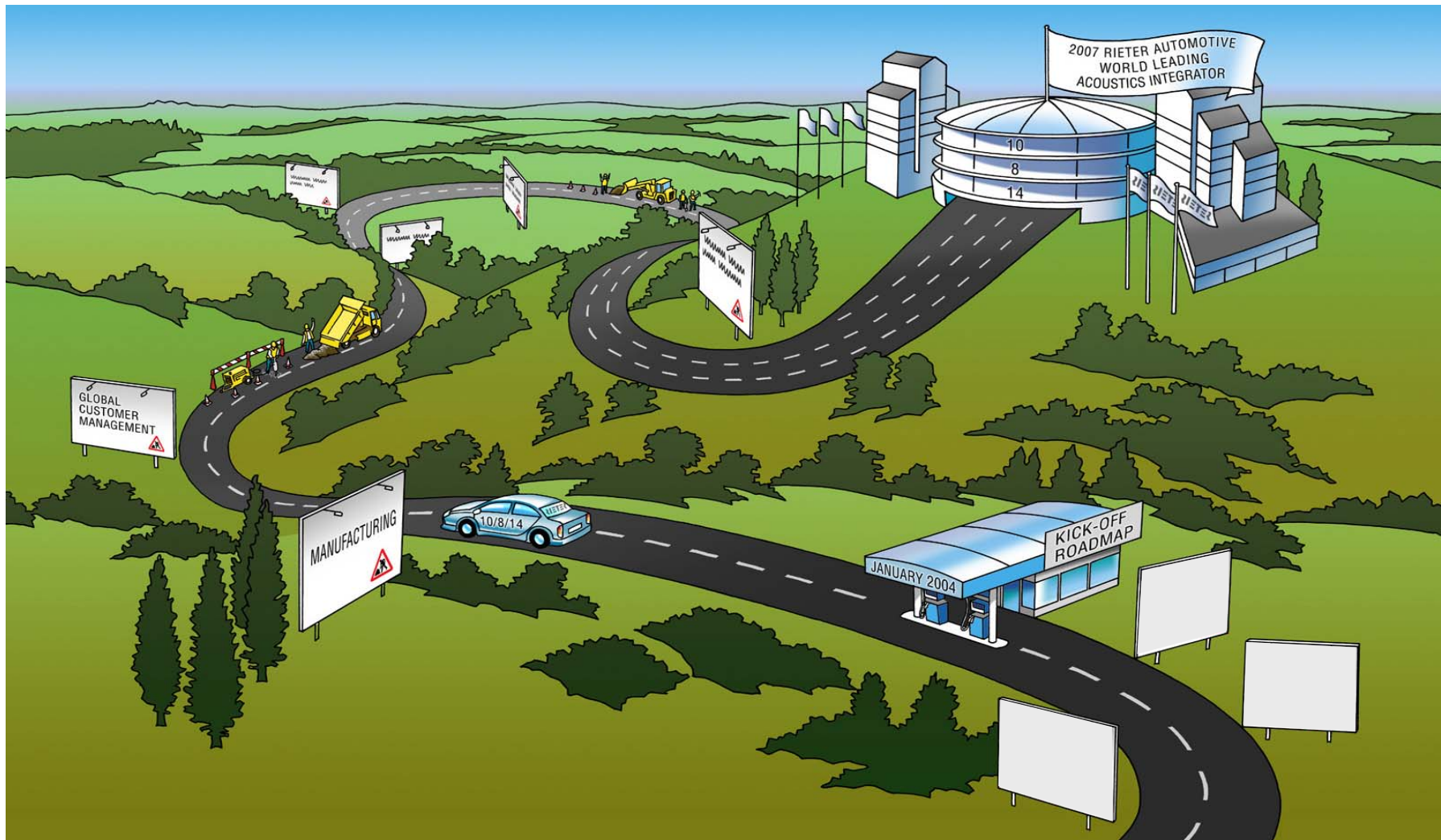
CHF million



- Stronger competitive position
- Innovative products
- Cost-cutting programme „Roadmap to profitable growth“

CO = Corporate output

"Roadmap to Profitable Growth"



"Roadmap to Profitable Growth"



- Eliminate productivity deficiencies
- Reduce purchasing costs
- Reduce material consumption
- Optimisation of fixed-costs structure
- Expand low-cost locations





Strategy and Outlook 2006

Hartmut Reuter, Chief Executive Officer

Strategy and long-term goals

- Build on 20 years of success with the dual-strategy based on the two pillars Automotive Systems and Textile Systems
- Profitable growth in both divisions by acquisitions and organic growth
- A very solid financial position allows strategic development of both divisions (including expansion of presence in Asia and Eastern Europe)
- Long-term objectives
 - 5% organic growth
 - 8% EBIT margin
 - 5% profit margin

Restructuring



First steps 2005/2006

- The British automotive plant at Heckmondwike will be partially closed in favour of a new plant.
- The Dutch automotive plant in Weert is intended to be closed. We are currently negotiating modalities with unions and employees.
- The German textile machinery location in Ingolstadt will, as of 1.4.2006, be split up into separate legal entities with a stronger focus on non-textile machinery.
- The French textile machinery location in Valence has been significantly downsized because of the weakness of the market for man-made fiber machinery.

Strategy Textile Systems



Current situation

- Market leader for staple fiber machines and systems as well as associated technology components
- Niche supplier for man-made fiber machinery
- Well represented in nonwovens market with a promising future

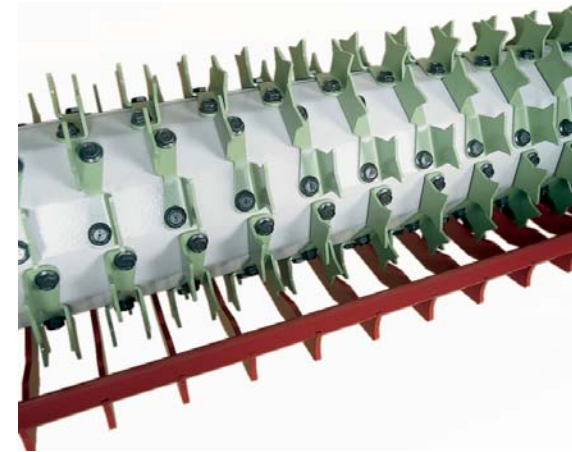
Strategic Steps Textile Systems (1)



Strengthen leading market position in staple fibers through innovation



Unifloc A11 (1'200 kg/h)



UNClean B12



Strategic Steps Textile Systems (2)

Expansion of presence in Asia

- Doubling of the production floor space in Changzhou, China (currently approx. 300 employees)
- Utilization of the production capacity at the Suessen location in Pune/India (approx. 350 employees)
- Expansion of the local distribution, service and engineering capacity



Changzhou, China

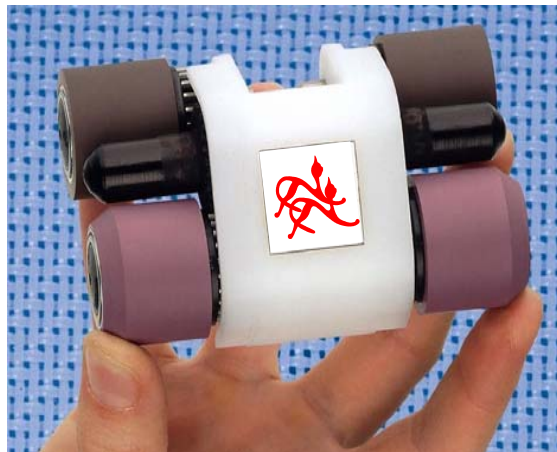


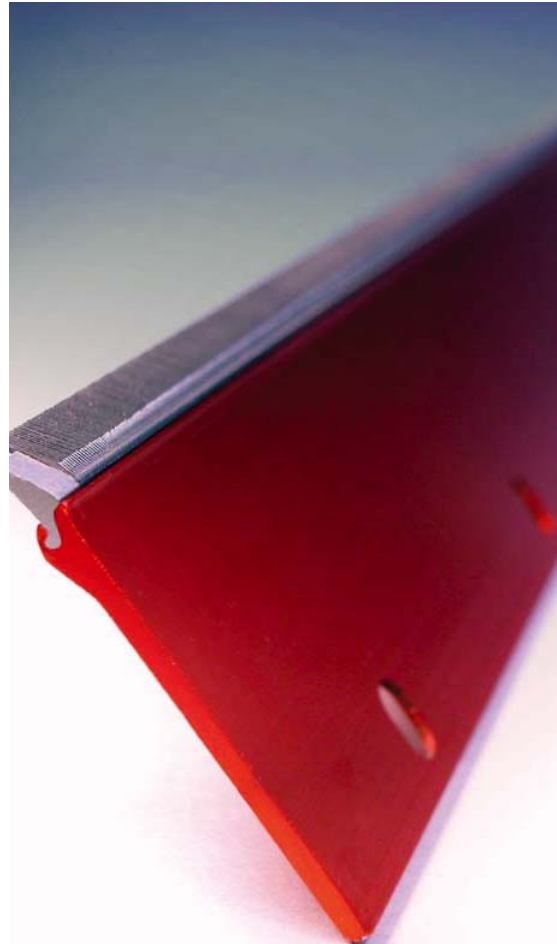
Suessen, India

Strategic Steps Textile Systems (3)

Strengthening of market position for technology components

- Acquisition of the Graf Group
- Complete integration of Suessen
- Organic growth through innovation and tapping of new customer categories





- Approx. 600 employees
 - 180 in Switzerland
 - 130 in the Netherlands
- Approx. 90 million CHF sales
- Technology and market leader in card clothing, combs and clothing for combing machines
- Rieter has had a close and successful technology partnership with Graf for years

Strategic Steps Textile Systems (4)

Strengthening of the nonwovens machinery business



Meltblown production

- Cooperation between Rieter and NSC (September 28, 2005)
- New technology developed (Spunbond/Meltblown)
- Systems supply with partners successfully carried out



Application: Spunbond technology in agriculture

Strategy Automotive Systems



Current situation

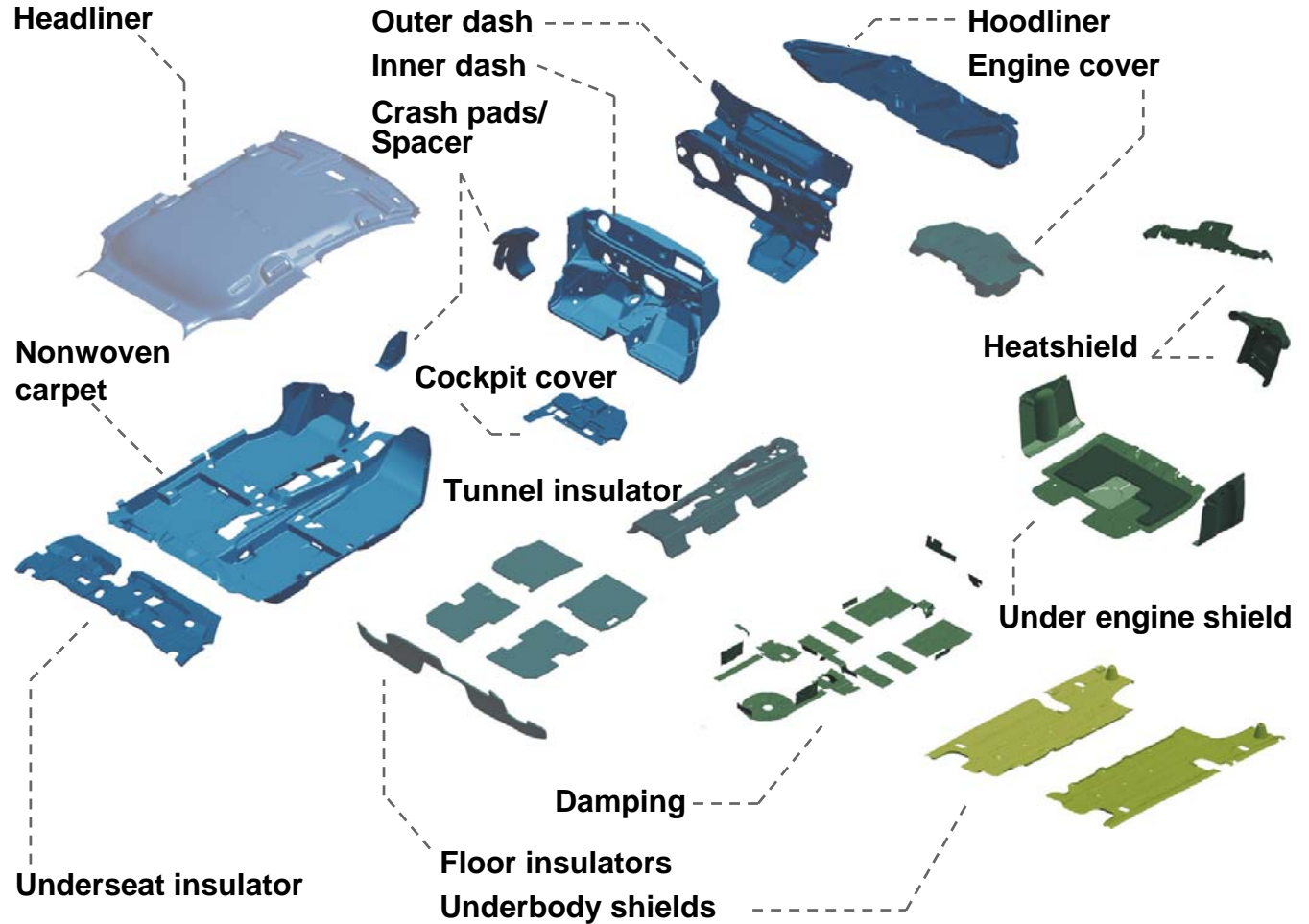
- Acknowledged as technology leader for acoustic and thermal management in motor vehicles
- Market for acoustic and thermal management is growing faster than overall automotive production
- Good market position in Europe, North and South America and successful partnership with Nittoku/Japan
- Potential in the growth markets Eastern Europe and Asia, especially China

Strategic Steps Automotive Systems (1)

Product innovation for internal growth



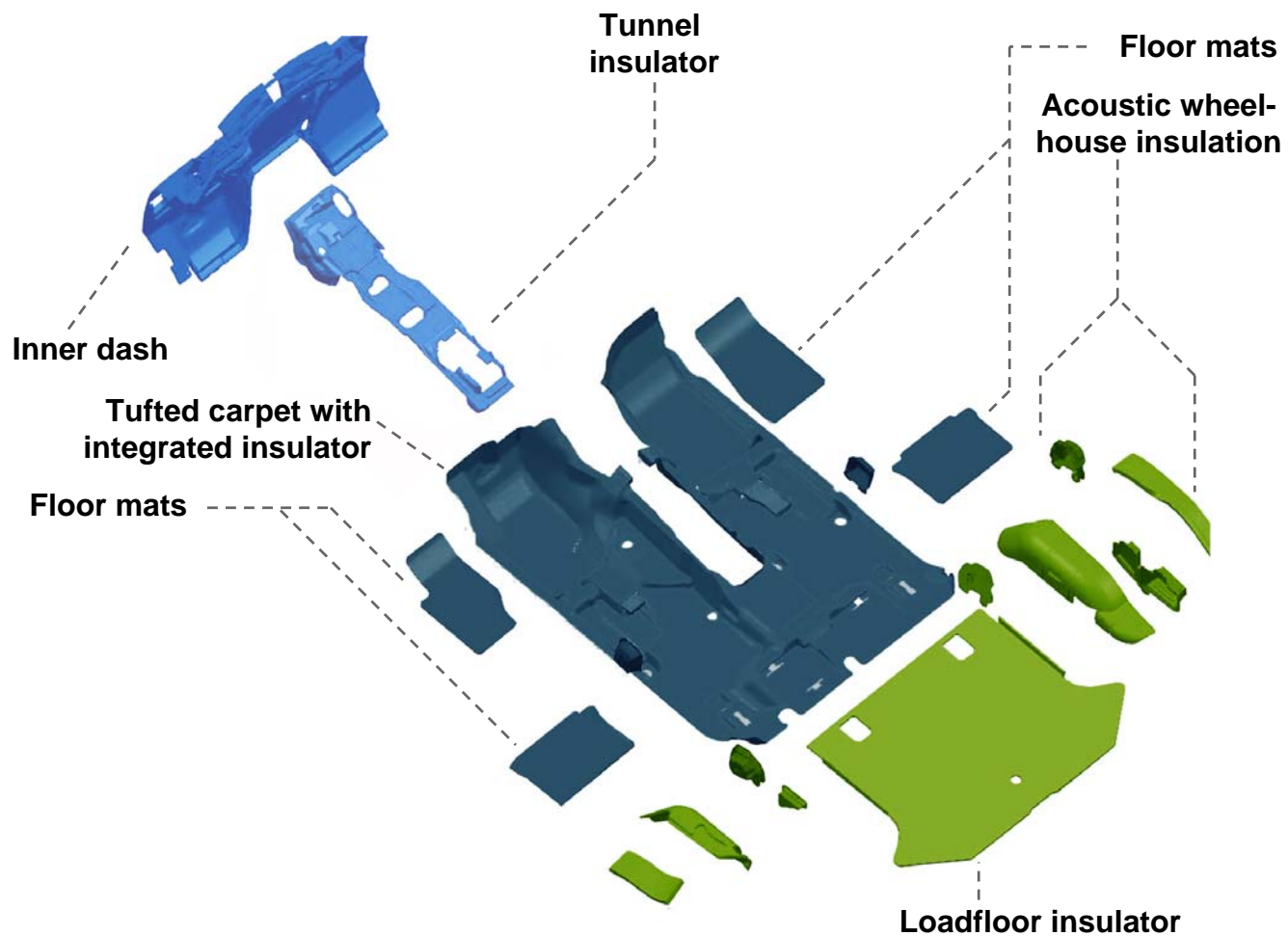
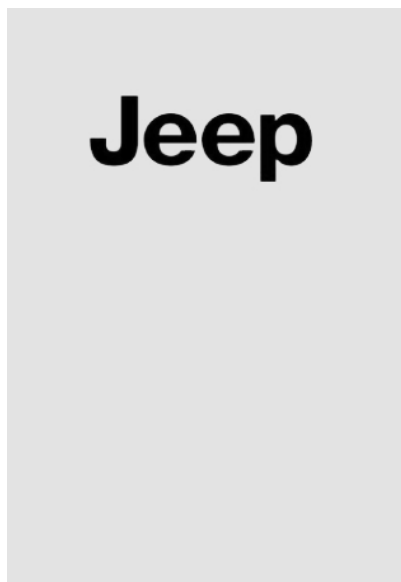
Rieter Supplies for Fiat Grande Punto



Rieter with Large "Package" also for the New Mini



Rieter Components for the DC Grand Cherokee



New Products 2005



ERA

- A light, highly effective absorber for external applications
- Recyclable PP fibres
- Application e.g. in the BMW 3-series (under-engine shield)



AI-FA

- An aluminium foil technology for application to parts made from plastics
- Can be used instead of a conventional heat-shield on certain under-body parts
- Cost, weight and space savings



Strategic Steps Automotive Systems (2)



Strengthening of our market position in Europe and America

- Expansion of our carpets business in North America through complete integration of the former JV Magee Rieter and opening of a new plant in Kentucky for Japanese clients
- Investment in the new plants in Great Britain, Poland and Spain to reduce costs; intended closing of the plant in Holland
- Acquisition of a 100% interest in Rieter Saifa taps new synergy potential in the third-largest European automotive market

New Plants: Western Europe and USA



Stoke-on-Trent, English Midlands



Somerset / Kentucky, USA (UGN)



A Rua, Northern Spain
(Rieter Saifa)

New Plants: Eastern Europe and Asia



Guangzhou, China (South); JV Nittoku



Nowogard, Poland



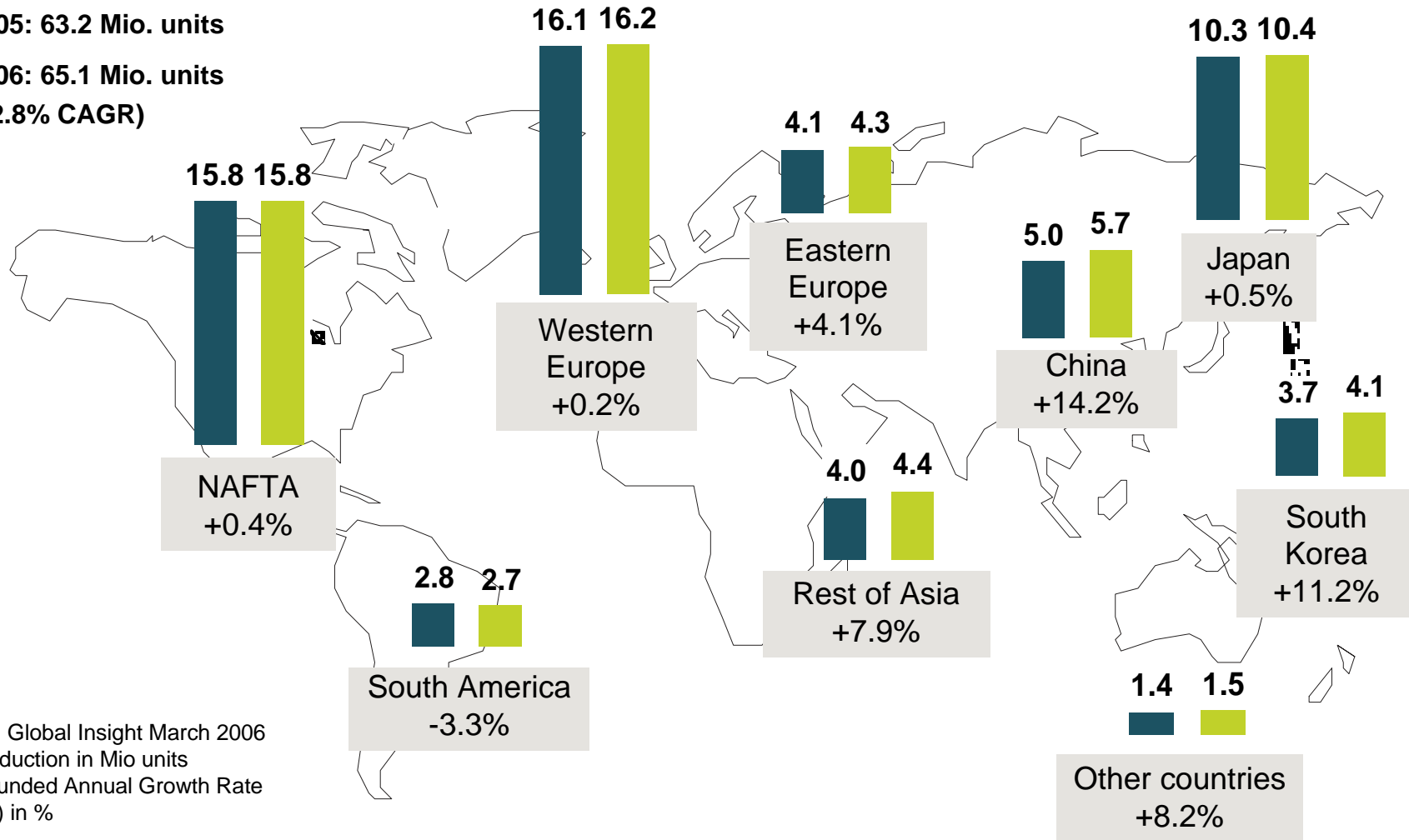
Tianjin, North China; JV Nittoku

Vehicle Production by Region (2005 & 2006)



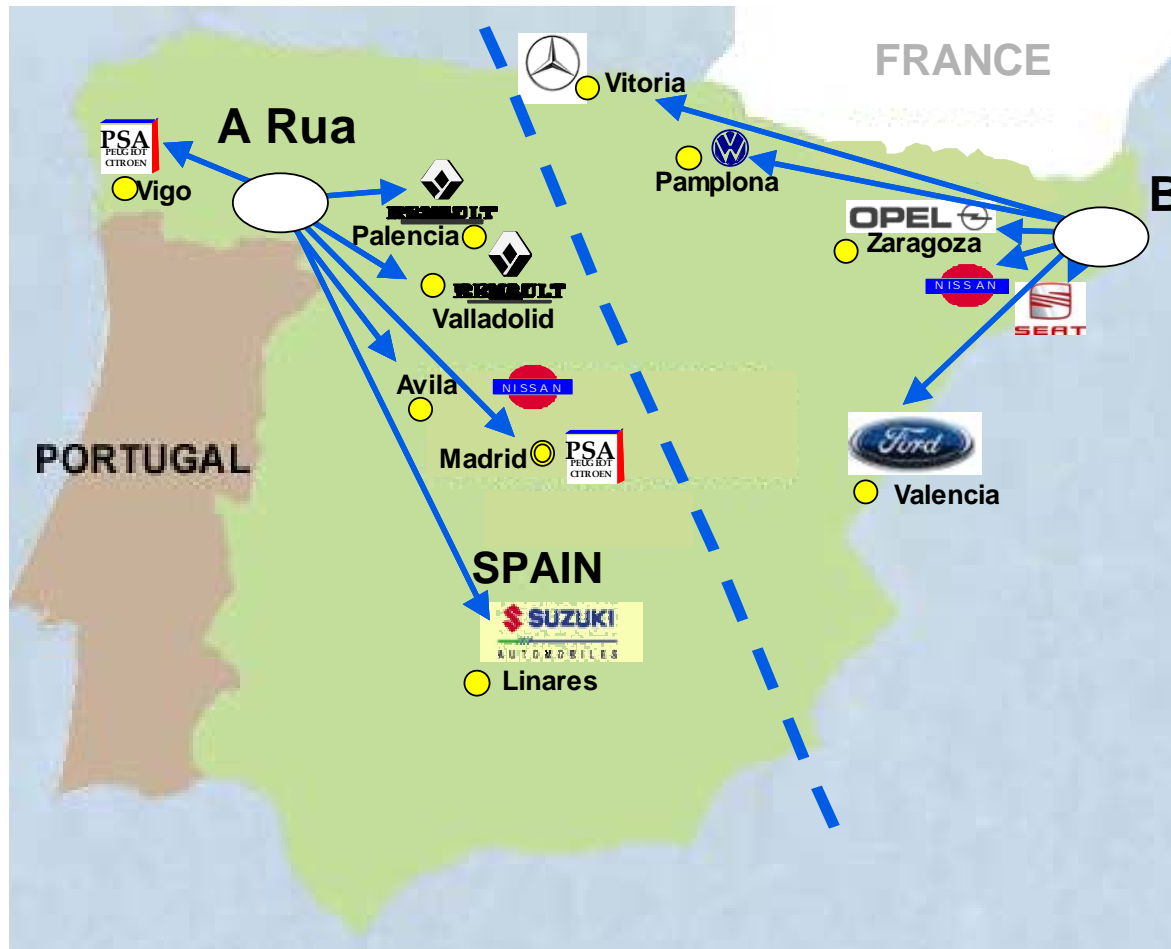
Global production of light vehicles

■ 2005: 63.2 Mio. units
■ 2006: 65.1 Mio. units
 (+2.8% CAGR)



Source: Global Insight March 2006
 Car production in Mio units
 Compounded Annual Growth Rate
 (CAGR) in %

Acquisition of a 100% Interest in Rieter Saifa



- Full takeover of Rieter Saifa
- Optimization of the plants near Barcelona
- New plant in NW Spain under construction (close to the customer)

Strategic Steps Automotive Systems (3)

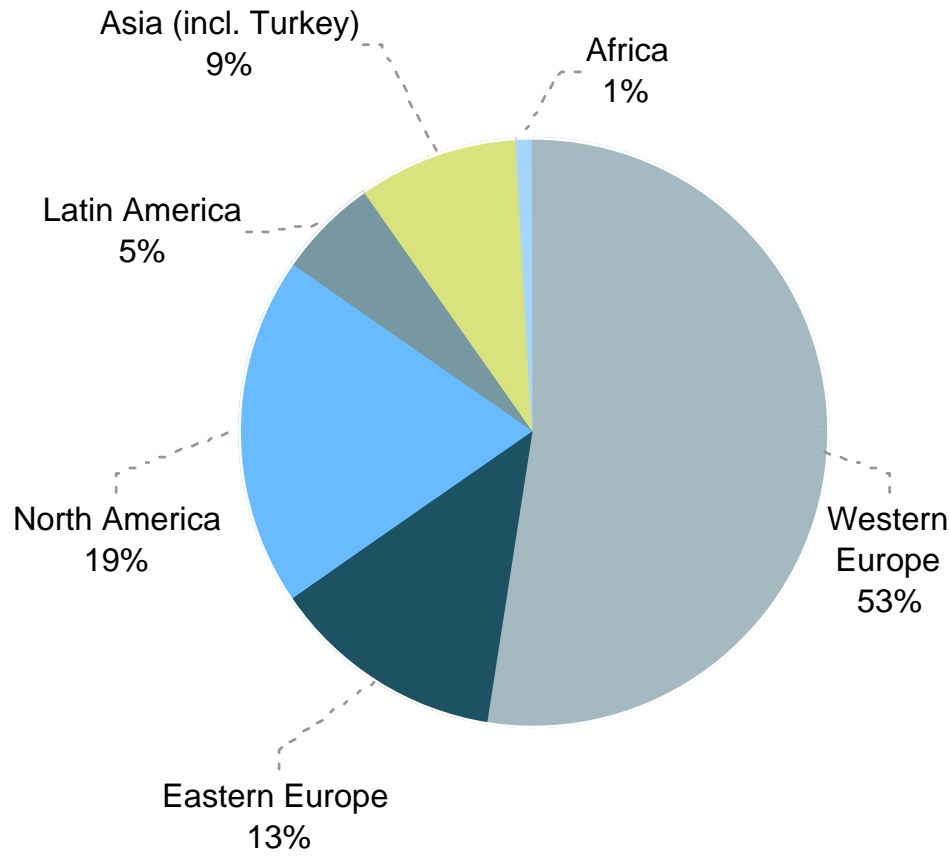


Expansion in the growth markets in Asia

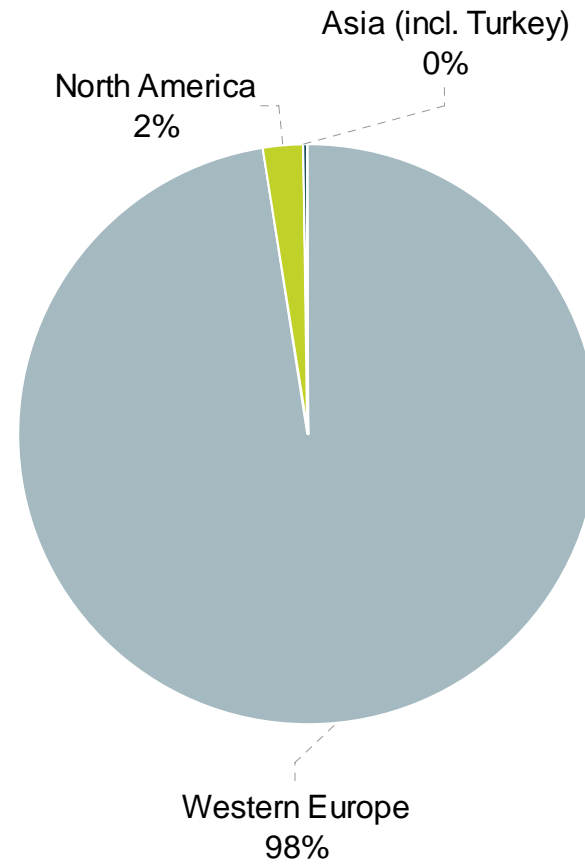
- Two JVs with Nittoku in China and one JV in Thailand for Japanese customers
- Sales offices of Rieter Automotive and of Idea Institute in China
- First orders to supply European and Korean manufacturers in China



Follow the Customer: Employees by Region



2005



1993

- **Textile Systems**

- Good orders received in HY2 2005 and at the beginning of 2006
- New consolidation: Graf Group from 1st October 2005
- Sales and result from operating activities 2006 significantly better than in 2005

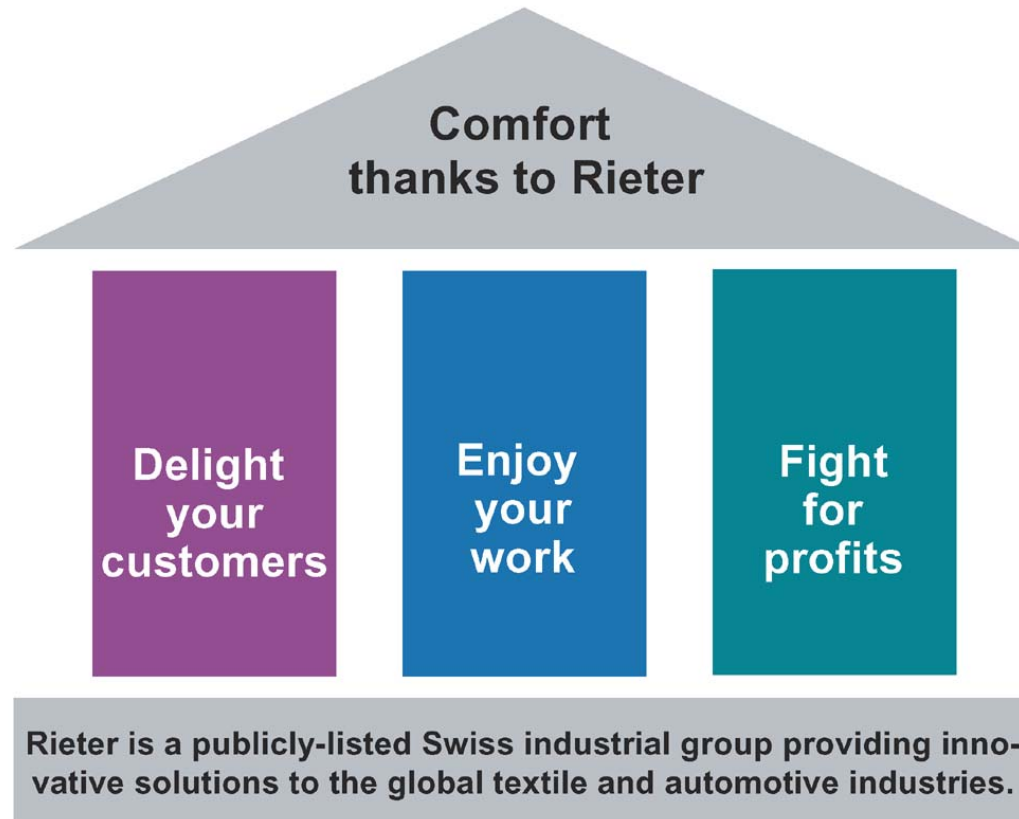
- **Automotive Systems**

- Global vehicle production is growing; little growth in Rieter's main markets
- Sales and operating result for 2006 better than in 2005

- **Group**

- Sales and earnings figures 2006 better than 2005

Rieter Group: Values and Principles



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 report which do not reflect 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 limited to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control.