



Introduction and Overview 2006

Hartmut Reuter, Chief Executive Officer

Agenda



- Introduction and Overview 2006 Hartmut Reuter
- The Financial Year 2006 Urs Leinhäuser
- Strategy and Outlook 2007 Hartmut Reuter

Successful development due to dual strategy



“The Rieter Group was able to take full advantage of global economic momentum in 2006 and post new records in orders received, sales and net profit through the successful implementation of its dual strategy.”

“Good operating profitability and a good financial result enabled Rieter to accomplish the intended restructuring, streamlining of business units and expansion projects, and still achieve higher net profits and earnings per share.”

Hartmut Reuter,
CEO Rieter Group

- **Substantial increase in sales and orders received – Strategic focus at Textile Systems**
 - Higher net profit and earnings per share
 - Textile Systems: striking rise in orders, sales and earnings
 - Automotive Systems: higher sales – lower profitability
 - Operating result depressed by special factors
- **Sound financial condition and healthy balance sheet**
 - High investments in tangible fixed assets and important acquisitions
 - Higher net liquidity and equity capital ratio
 - 50% increase in the dividend to 15.00 CHF proposed

- **Further expansion of presence in Asia for both divisions**

- Automotive Systems with new plant in North China and expansion of capacities in South China; build-up of wholly-owned plant in Central China and India
- Textile Systems with third expansion in Changzhou, China
- Indien becomes more and more important for both divisions

- **Automotive Systems**

- Europe/USA: Start of production in new plants in England, Spain, Poland and in the South of the USA
- Restructuring in Western Europe

- **Textile Systems**

- Divestment of the manmade fiber activities at locations Valence and Winterthur
- Graf Group successfully integrated

Share Price Development 2005 until March 23, 2007



RIEN in CHF

March 23, 2007:
CHF 628





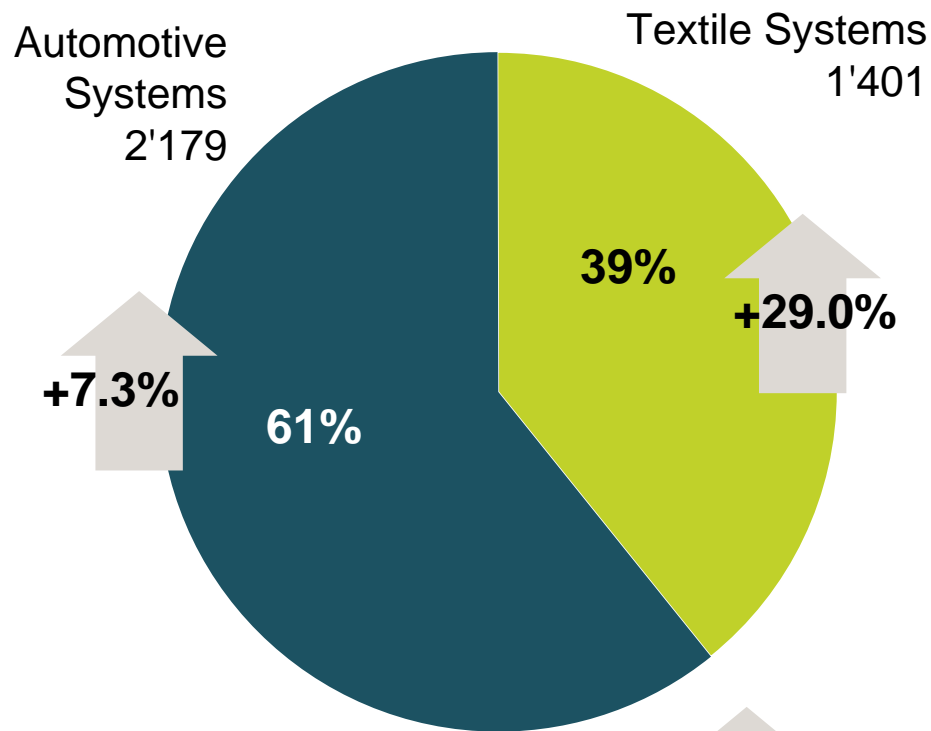
Financial Year 2006

Urs Leinhäuser, Chief Financial Officer

Sales by Division



CHF million



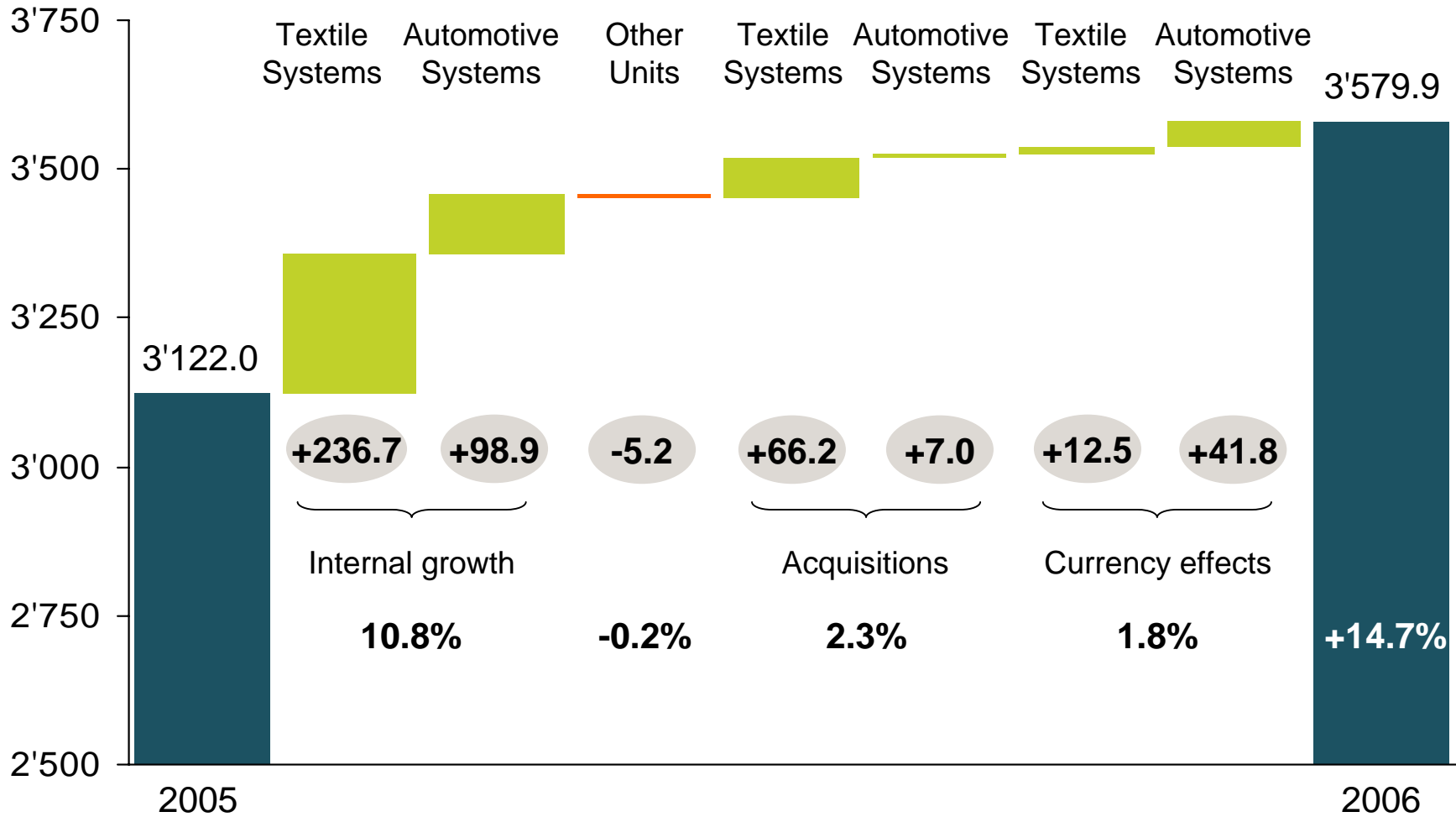
- Group sales increased to new all-time high
- Sharp sales growth of 29% at Textile Systems (India, staplefiber machinery and components)
- Automotive Systems with higher sales in spite of lower vehicle production in Western Europe and North America

2006: 3'580 million CHF +14.7%

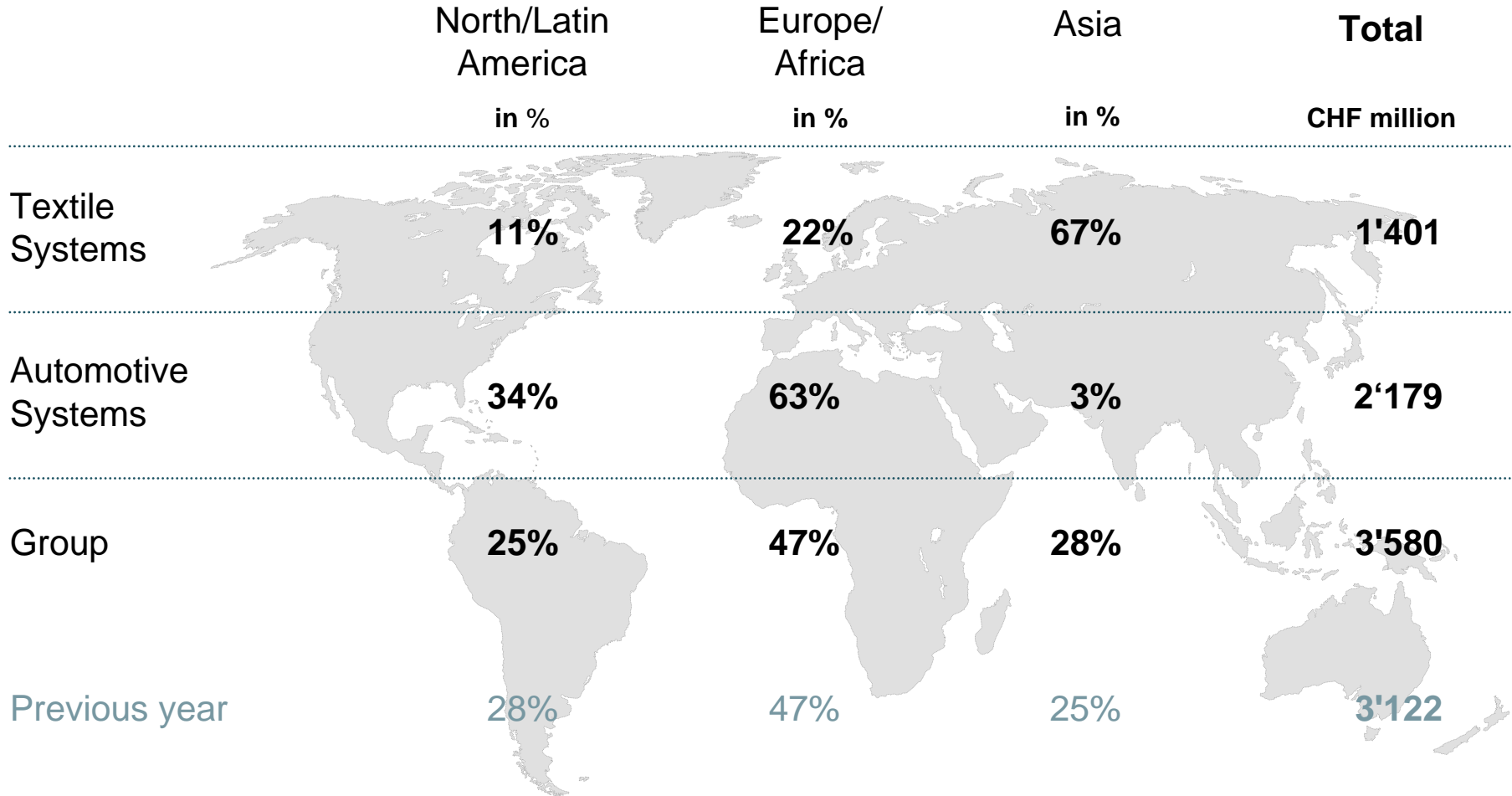
Sales Development for 2006



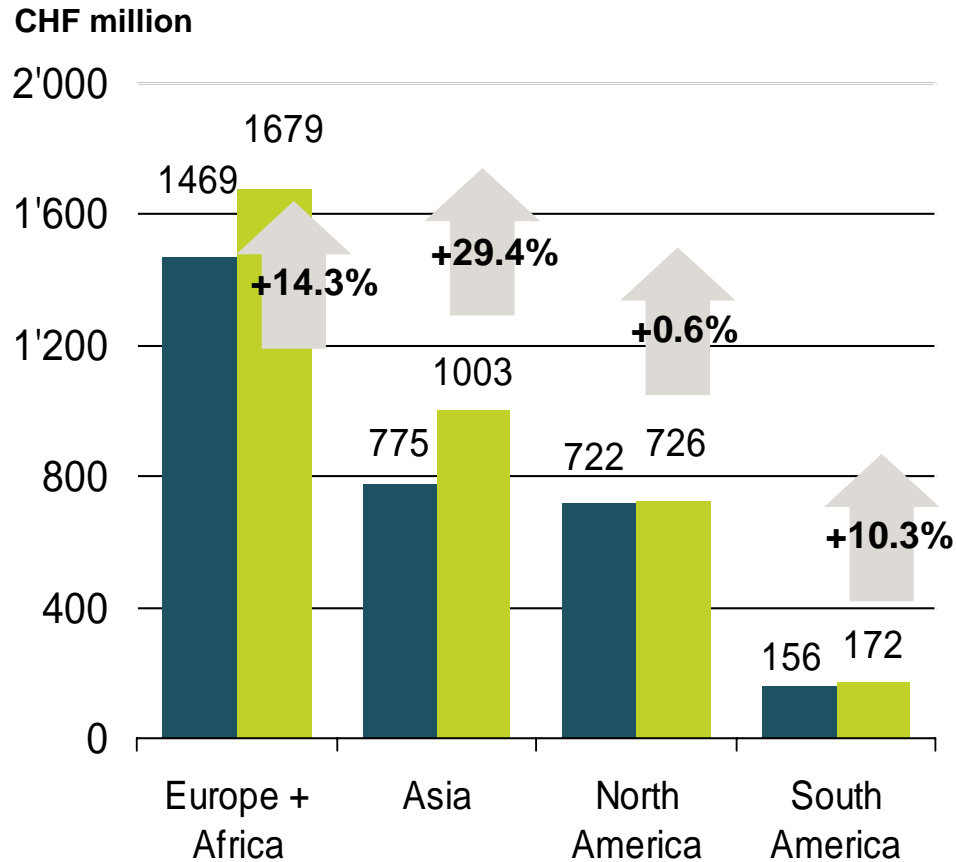
CHF million



Sales 2006: Global Presence



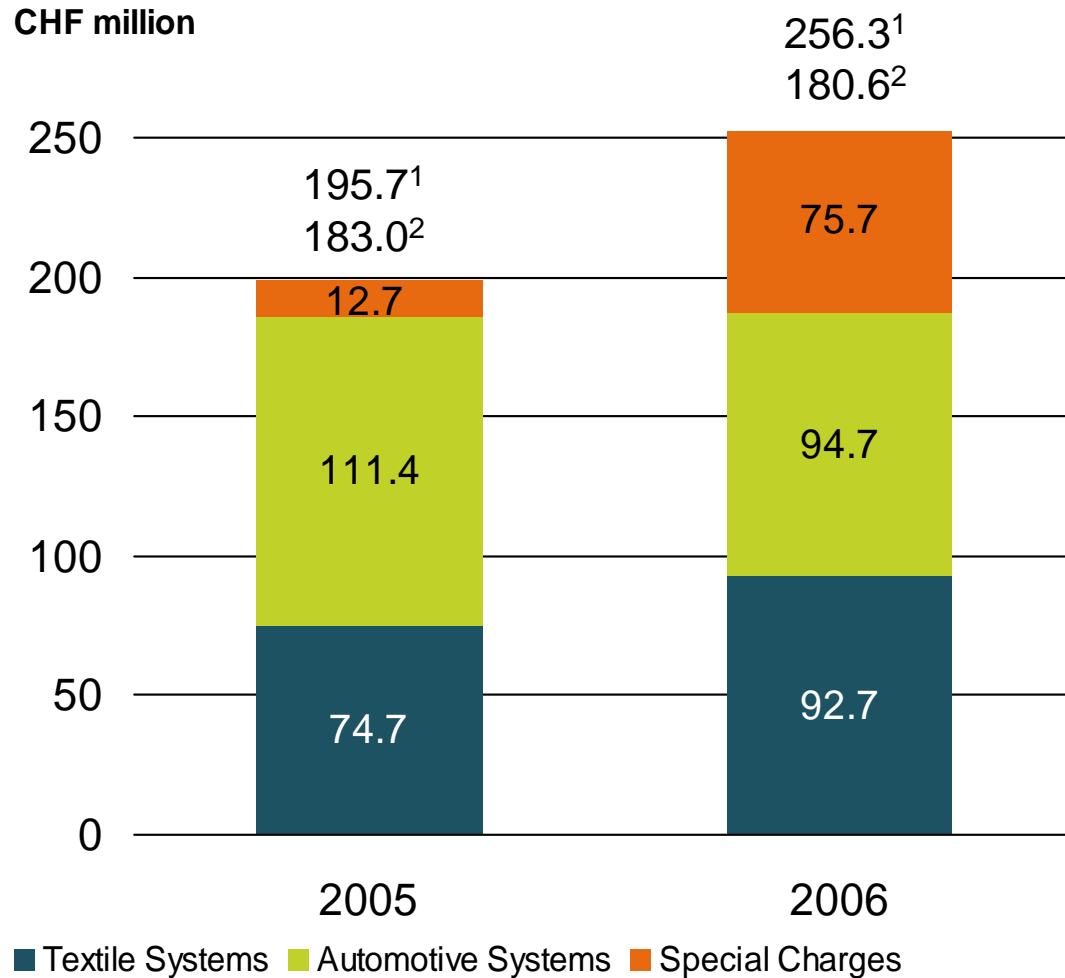
Sales Increase by Regions



- Strong worldwide presence
- Sales growth globally diversified
- Strongest sales growth in Asia due to Textile Systems
- For the first time sales of more than 1 billion CHF in Asia

2006: 3'580 million CHF +14.7%

Operating Result (EBIT)



- Before special charges, operating result increased by 31% to 256.3 million CHF, equivalent to 7.4% of CO
- Reduced by special charges EBIT amounted to 180.6 million CHF (5.2% of CO)
- EBIT improvement at Textile Systems.
- EBIT at Automotive suffered from higher raw material and energy prices

¹ Group-EBIT before special charges

² Group-EBIT

Special Charges

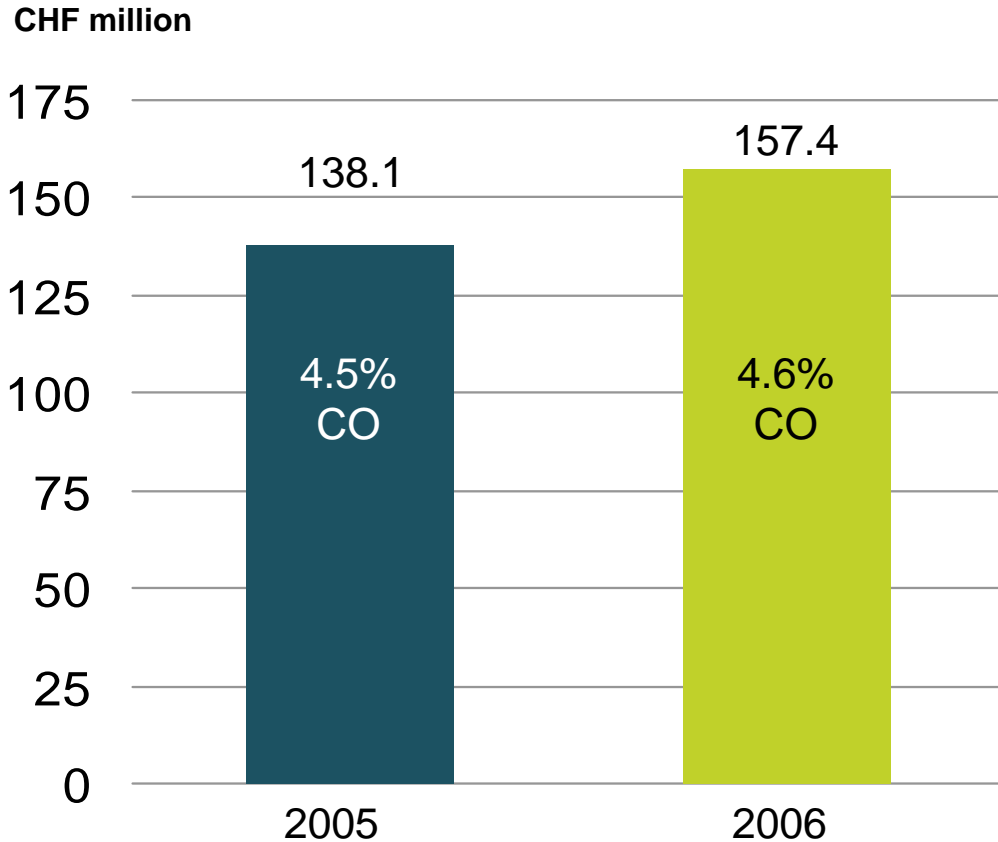


CHF million

	2006	2005
Textile Systems	55.5	6.0
• Restructuring costs	7.0	6.0
• Loss on divestments	48.5	0.0
Automotive Systems	20.2	6.7
• Restructuring costs	20.2	6.7
Total sum	75.7	12.7
• in % of corporate output	2.2%	0.4%

- Restructuring costs for the optimization of the cost structure and relocation of production facilities from Western to Eastern Europe primarily at Automotive Systems
- Non-cash loss on divestments resulting from the sale of manmade fiber activities

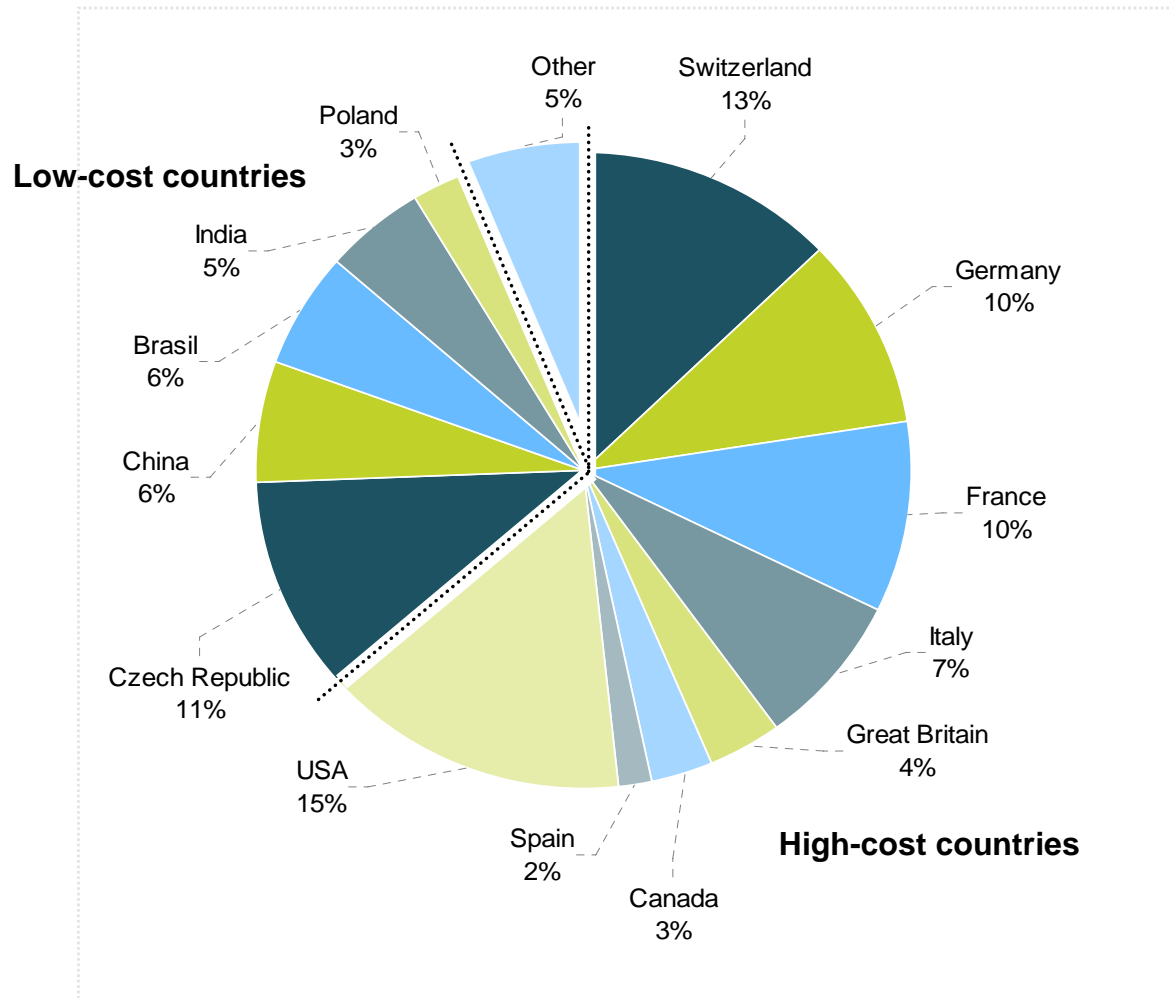
Net Profit



- Net profit increased by 14% compared to the previous year in spite of a slightly lower EBIT
- Corporate tax rate declined to 30.1% (from 32.8%)
- Higher net financial result

CO = Corporate output

Number of Employees by Country

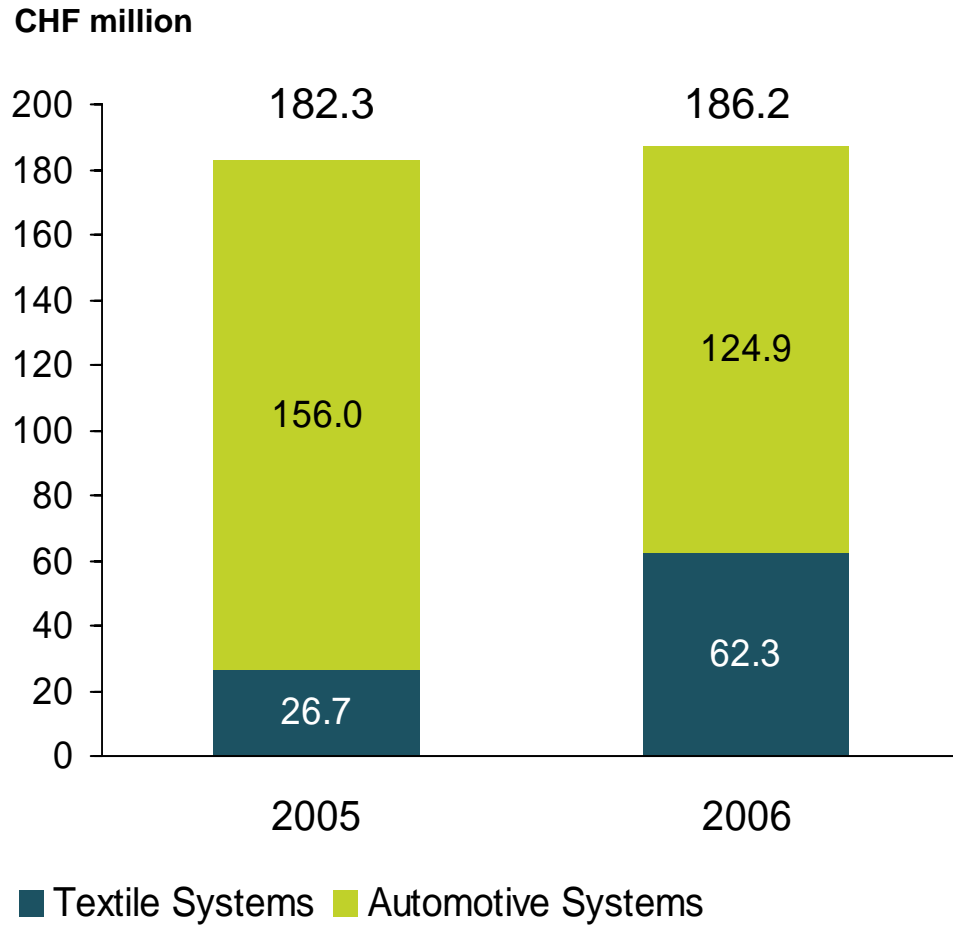


- Moderate rise in the number of employees
- Number of employees in high-cost countries are declining in spite of steep sales growth
- Number of employees in low-cost countries increased from 28% to 33%

2006: 14'826
(As of December 31, 2006)



Capital Expenditures



- Increase at Textile Systems in order to overcome production bottlenecks and expansion in China and India
- Automotive also invested into new plants and in measures to increase productivity and profitability

Balance Sheet



	2006		in % of previous year △
	in CHF million	in % of total assets	
Total assets	2'884.6	100.0	+ 6.3
Non-current assets	1'152.0	39.9	- 0.7
Goodwill	118.9	4.1	- 21.3
Net working capital	327.4	11.3	+ 27.8
Cash and cash equivalents/ marketable securities	474.3	16.4	+10.2
Financial debt	327.0	11.3	- 2.0
Shareholders' equity	1'375.4	47.7	+ 9.0

- Increase of total assets due to higher turnover
- Sale of manmade fiber activities resulted in reduction of goodwill by 33 million CHF
- Solid equity capital ratio of 47.7%

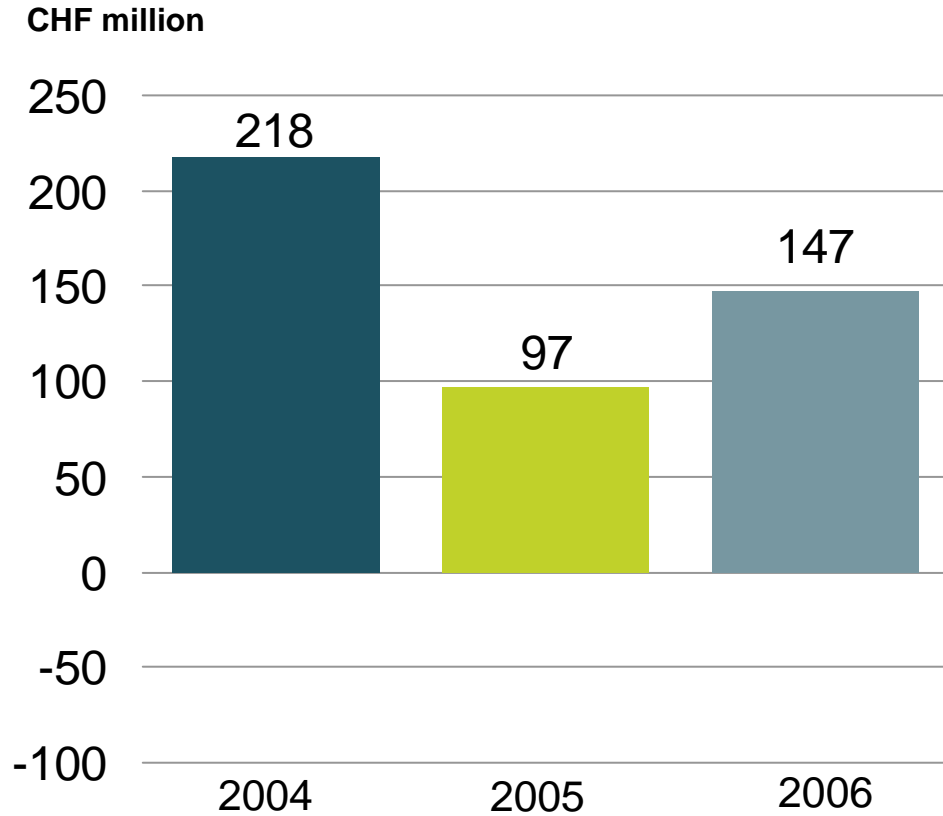
Free Cash Flow



CHF million	2006	2005
Net profit	157.4	138.1
Cashflow	329.6	256.9
Net cash flow	335.2	260.7
+/- Change in net working capital	-82.6	-17.9
+/- Capital expenditure on tangible and intangible assets, net	- 153.5	- 161.4
+/- Change in financial assets, net	7.7	- 6.1
+/- Acquisitions	- 3.9	-76.7
+/- Divestments	-2.3	0.0
Free cash flow	100.6	-1.4

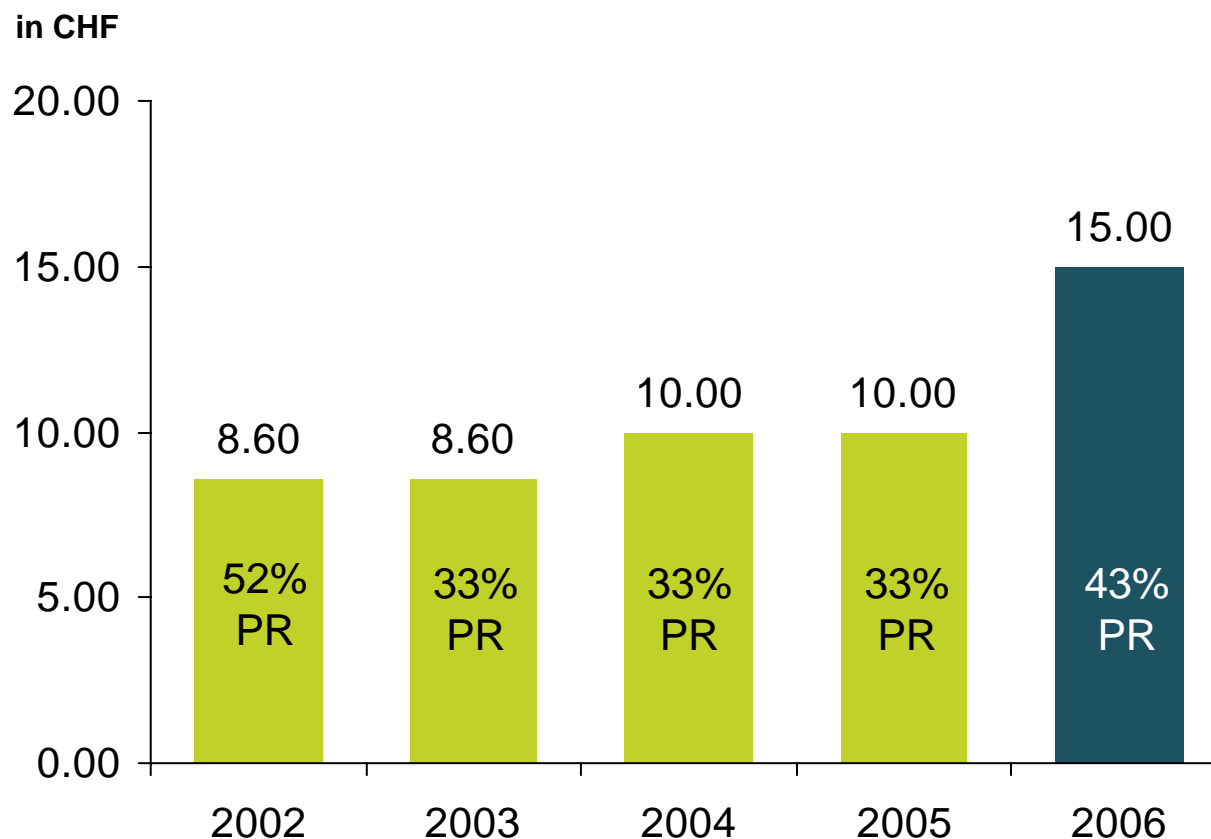
- Higher cash flow due to increased net profit
- Non-cash loss on divestments contributed to the cash flow increase
- In 2005 far more funds needed for acquisitions
- Free Cashflow sharply increased

Net Liquidity



- Increase in net liquidity by 50 million CHF together with a free cash flow of 100 million CHF
- Some 50 million CHF were distributed to Rieter shareholders and minority shareholders

Dividend



- The Board of Directors proposes a 50% increase in the dividend to 15.00 CHF
- Good net liquidity and the positive outlook for 2007 permit the increase
- This corresponds to a total distribution of 62.8 million CHF and a payout ratio of 43%
- This results in a dividend yield of 2.4% on Rieter shares (based on the year-end price)

PR = Payout-ratio (in % net profit)

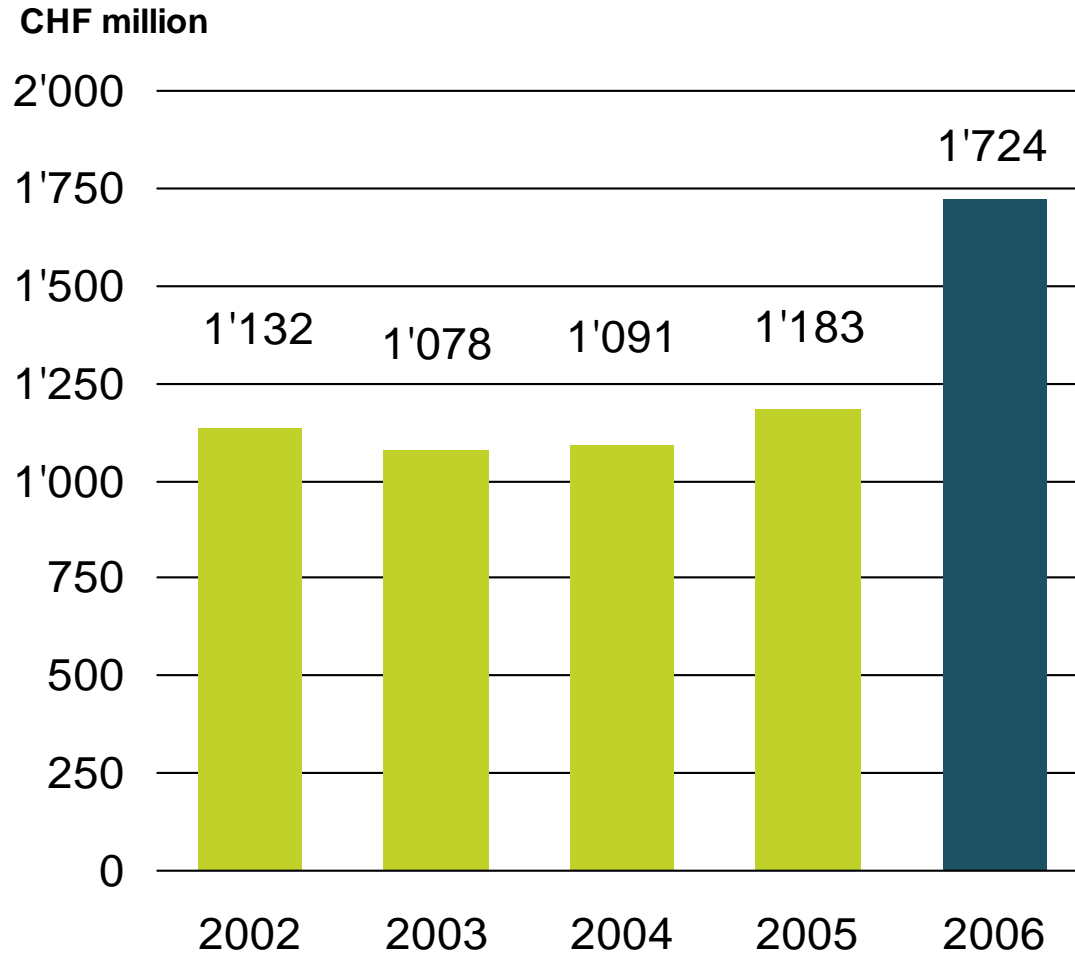
Textile Systems 2006



Leading systems supplier in the spinning process

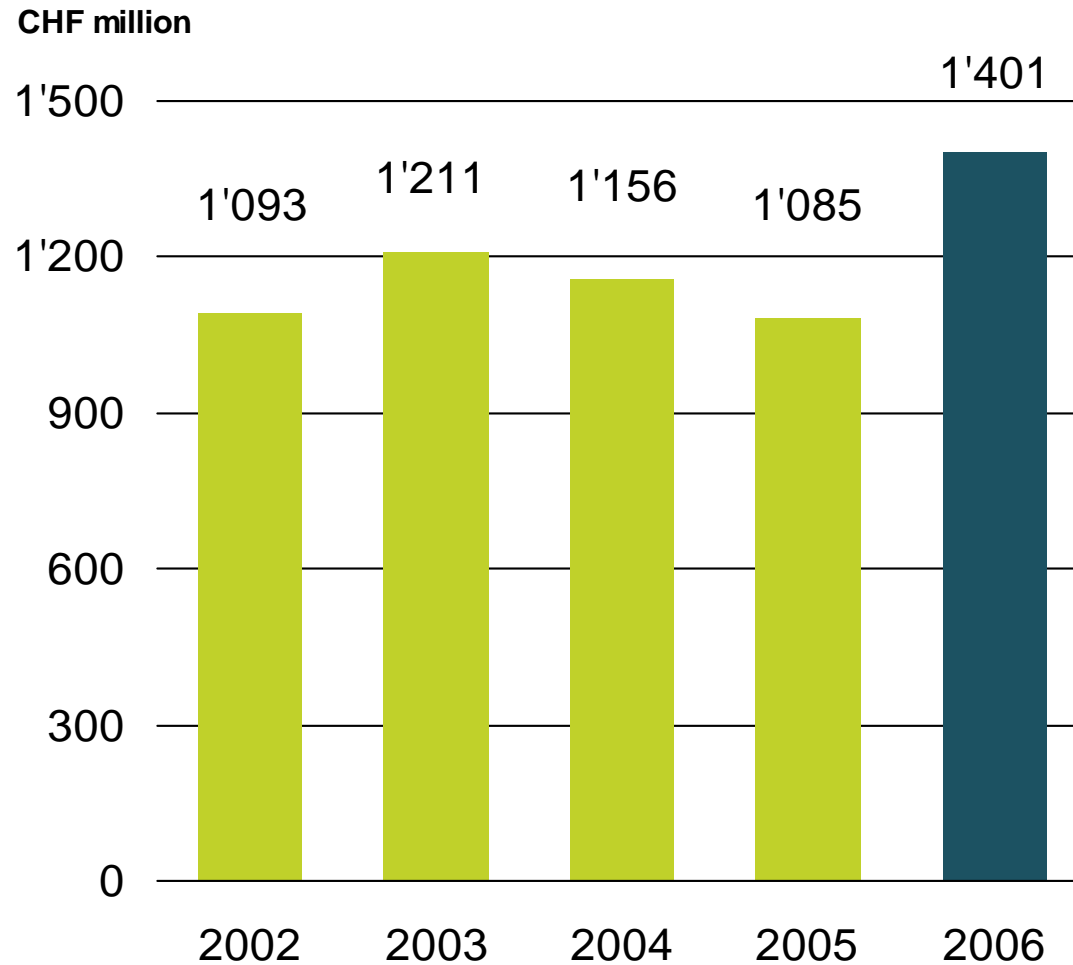


Textile Systems: Orders Received



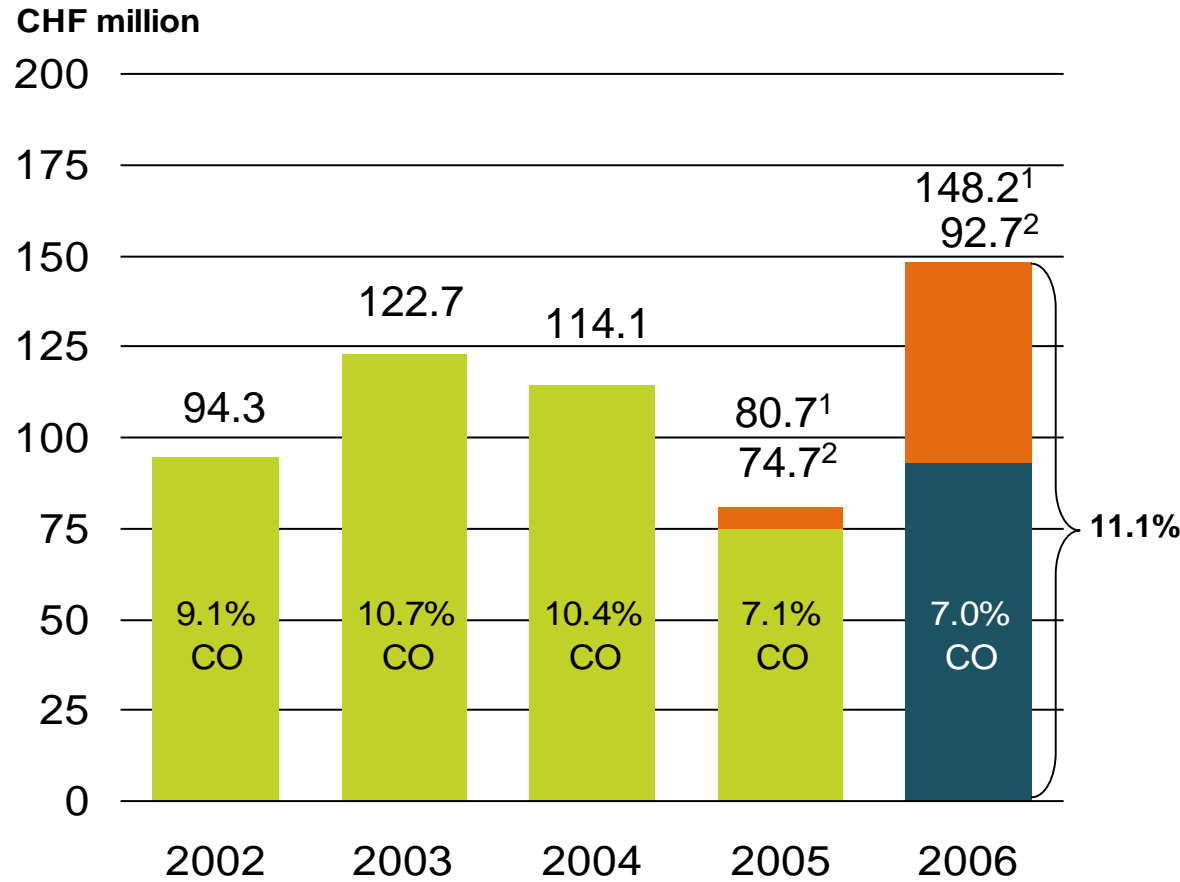
- 2006 orders received rose by 46% to new record level
- Excluding the divested manmade fiber activities the increase is even 54%
- Very strong demand from India, Turkey, China and Bangladesh
- 11% order increase in HY2 2006 compared with the already high volume in the same period of 2005

Textile Systems: Sales



- Sales increased by 29% to new all-time high
- Excluding the divested manmade fiber activities the sales growth is 38%
- 67% of sales were generated in Asia
- The most important markets were India, Turkey, China and Pakistan as well as further Asian countries

Textile Systems: EBIT



- Striking rise in operating result to 148.2 million CHF before special charges
- Margin before special charges rose to 11%
- Reasons: Very good sales volumes, attractive product offering and cost discipline

■ = Special charges
 CO = Corporate output

¹EBIT before special charges ²EBIT

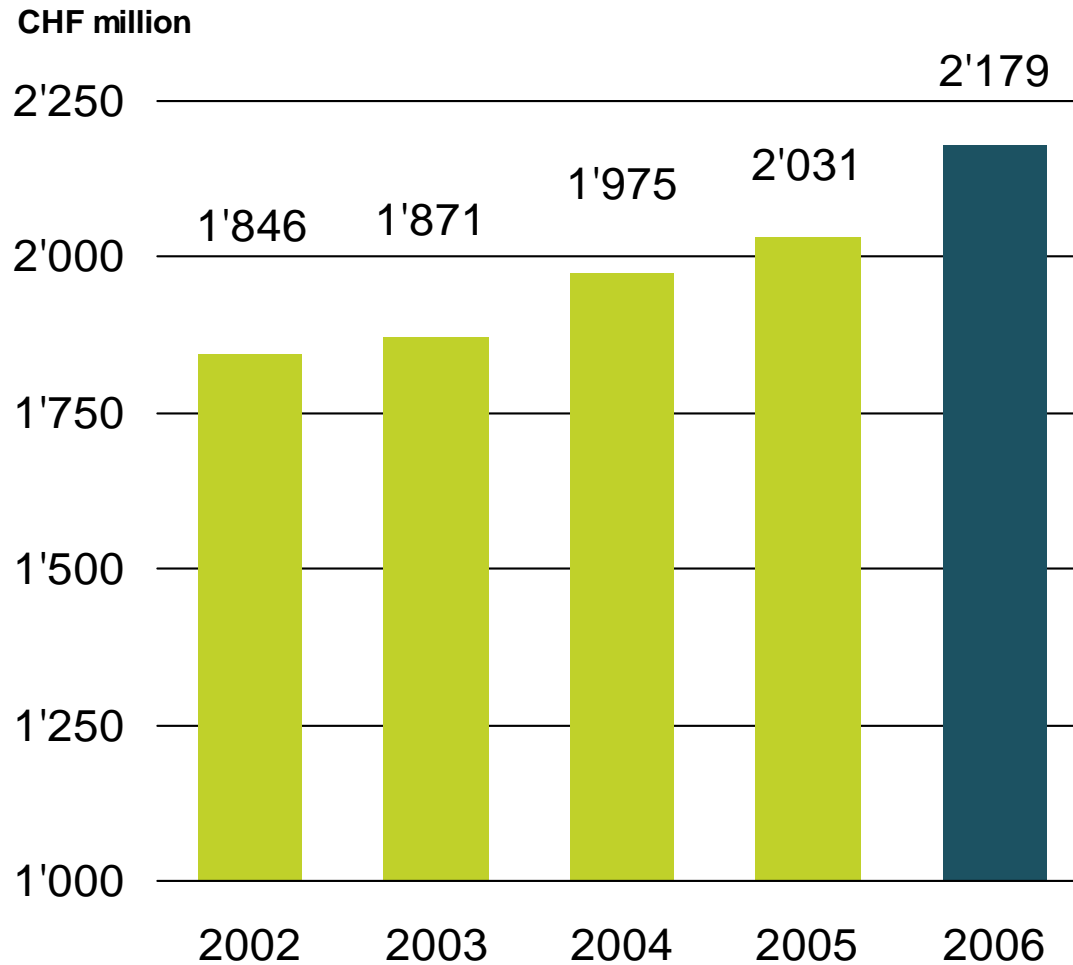
Automotive Systems 2006



Leading supplier of integrated acoustics systems

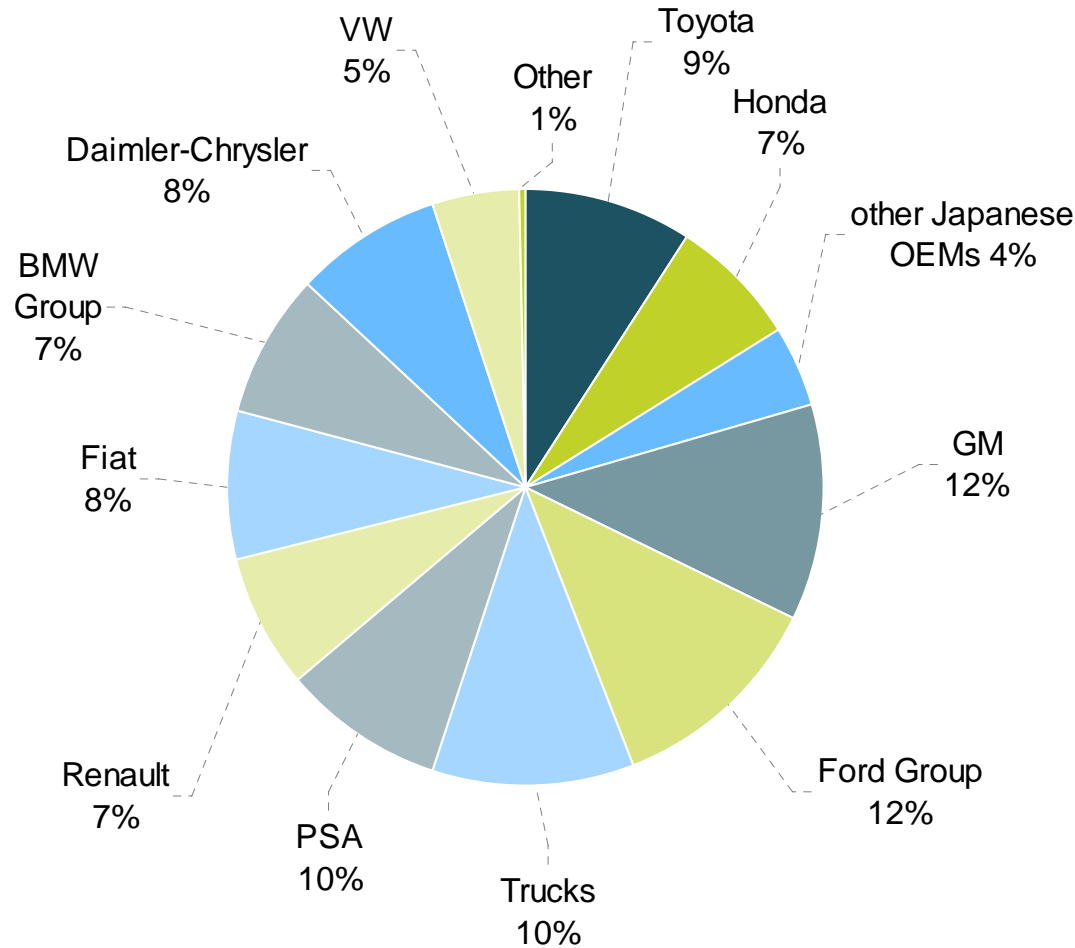


Automotive Systems: Sales



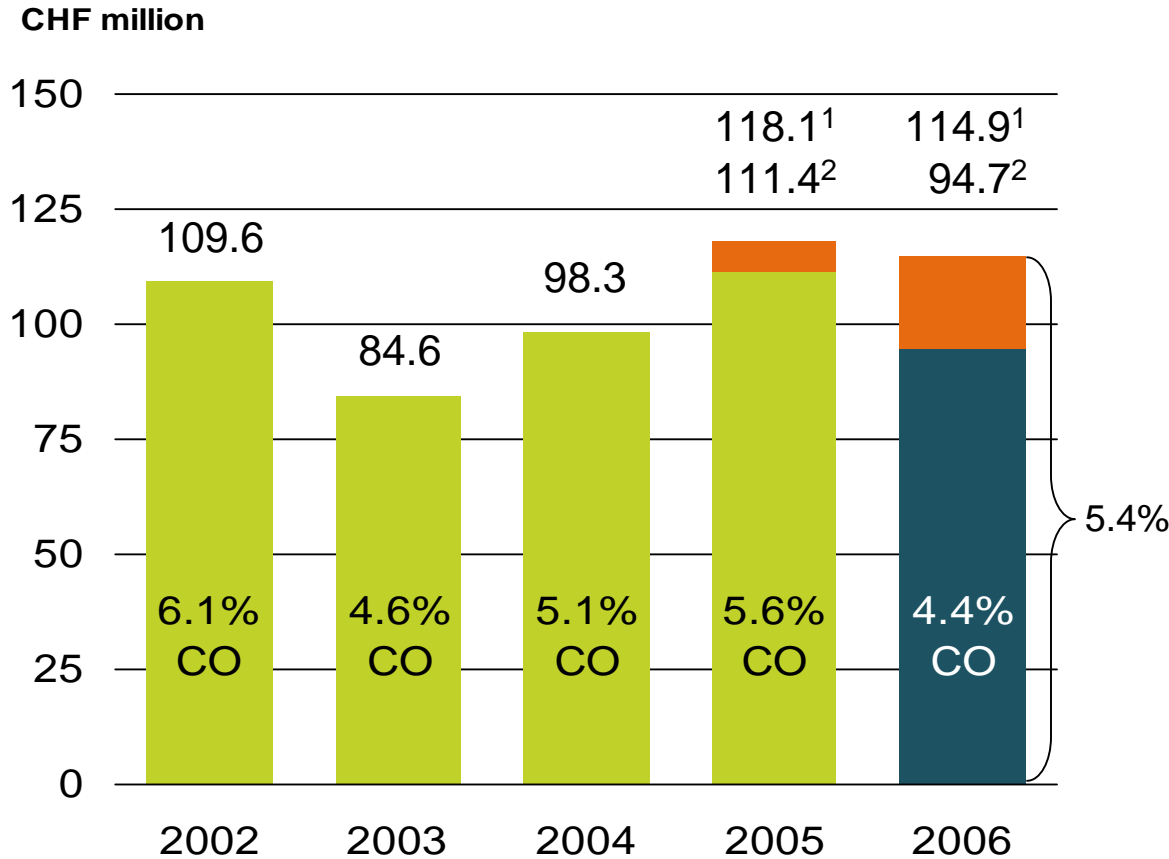
- Higher sales in spite of lower vehicle output in Rieter's main markets
- Growth mainly organic
- Higher sales in Europe, Asia and Latin America
- Stable sales in North America
- High proportion of tooling sales due to a high number of model startups

Automotive Systems: Sales per Customer Group



- Diversified customer portfolio
- Japanese producers are largest customer group with a 20% share of total sales
- Few changes compared to previous year in customers' share of turnover

Automotive Systems: EBIT



¹EBIT excluding special charges

²EBIT

- Operating result before special charges amounts to 114.9 million CHF equivalent to 5.4% of CO
- Higher material cost (material cost + 1.9%-points of CO) depressed EBIT clearly
- Numerous model startups caused additional cost

■ = Special charges

CO = Corporate output



Strategy and Outlook 2007

-
-
- . 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



What is the status of restructuring?

- Restructuring and partial closing of the English automotive plant at Heckmondwike in favour of a new plant closer to customers in Stoke-on-Trent
- The automotive plant in Weert will be closed until mid 2007
- An automotive plant in Spain will also be closed by mid 2007
- Divestiture of manmade fiber activities at Valence
- Divestiture of manmade fiber activities at Winterthur

Strategy Textile Systems



Current situation

- Market and technology leader for staple fiber machines and systems as well as associated technology components
- Well represented in nonwovens market with a promising future
- Worldwide presence with sales and service
- Production expanded in low-cost countries (India, China, Czech Republic)
- Textile industry with major share of capacity in Asia; consolidation of European OEMs almost completed

Strategic Steps Textile Systems (1/4)

Strengthen leading market position in staple fibers through innovation



Rotorspinmaschine R 40

Focus of innovations:

- Reinforce the market position of our customers
- New yarn properties
- Machines with a good price/performance ratio and energy efficiency
- Machines and systems with higher productivity

Strategic Steps Textile Systems (2/4)

Expansion of presence in Asia

- Expansion of production capacities in China (today some 450 employees)
- Expansion of production capacities and market presence in India (today some 900 employees)
- Expansion of the local distribution, service and engineering capacities



Changzhou, China



Suessen, India



Close to the customer

Strategic Steps Textile Systems (3/4)

Strengthening of market position for technology components

- Organic growth through innovation and tapping of new customer categories
- Successful integration of Graf Group
- Common market appearance of the different technology brands



Strategic Steps Textile Systems (4/4)

Strengthening of the nonwovens machinery business

- New SpunJet technology
- Successful systems supply in cooperation with the French partner NSC
- Market entry in India



Application: Spunbond technology in agriculture

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
- Continued price pressure due to structural problems of car manufacturers
- Good market position in Europe, North and South America and successful partnership with Nittoku/Japan
- Potential in growth markets Eastern Europe and Asia, especially China and India
- Stagnating vehicle production in Western Europe and North America

Strategic Steps Automotive Systems (1/3)

Product innovation for internal growth



Nissan Altima (USA)



Audi TT



MAN Trucks



Fiat Ducato, PSA Boxer, Citroën Jumper

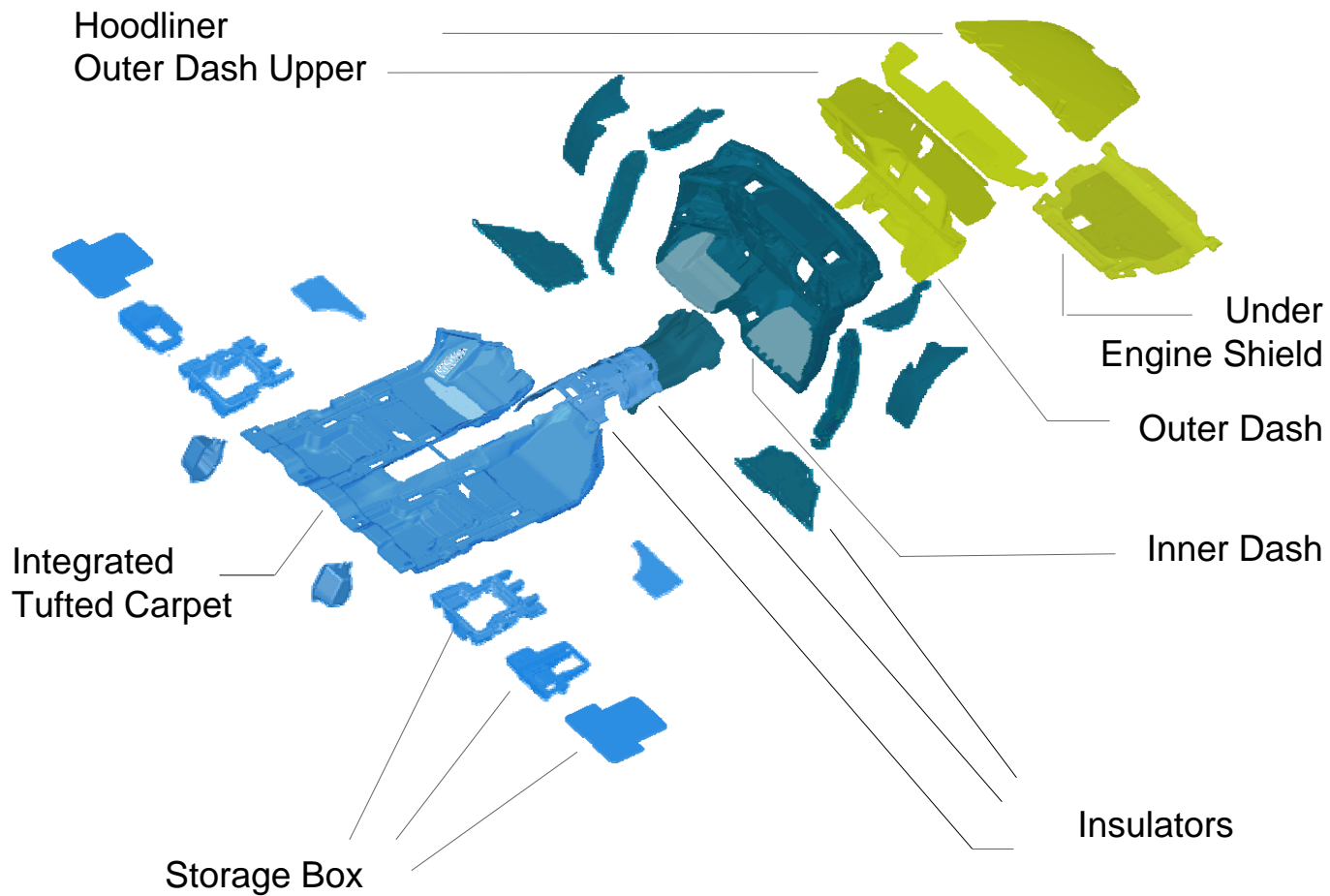
Innovation Areas for Automotive Systems



Product innovation focusses on the following areas:

- Development of new systems with outstanding acoustic properties
- Reduction of weight
- Reduction of cost
- Care for the environment / reduction of waste / increase of eco-efficiency
- Integration of new functions

Rieter Supplies for Ford Galaxy / S-Max



New products 2006



For the new MINI of BMW Group Rieter has developed a new environmentally friendly needlepunch carpet, free of latex.



Mini Cooper S

Strategic Steps Automotive Systems (2/3)



Strengthening of our market position in Europe und America

- Entry into the carpet supply business for the Japanese manufacturers in the USA. The new plant in Somerset, KY., started production in the fall of 2006
- Opening of the second production facility in Poland
- Build-up of a further plant in Eastern Europe in 2007
- F&E activities for products, materials and processes are concentrated in Winterthur in order to generate ideas faster and turn them into new products cost-efficiently

„Roadmap for Profitable Growth“



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

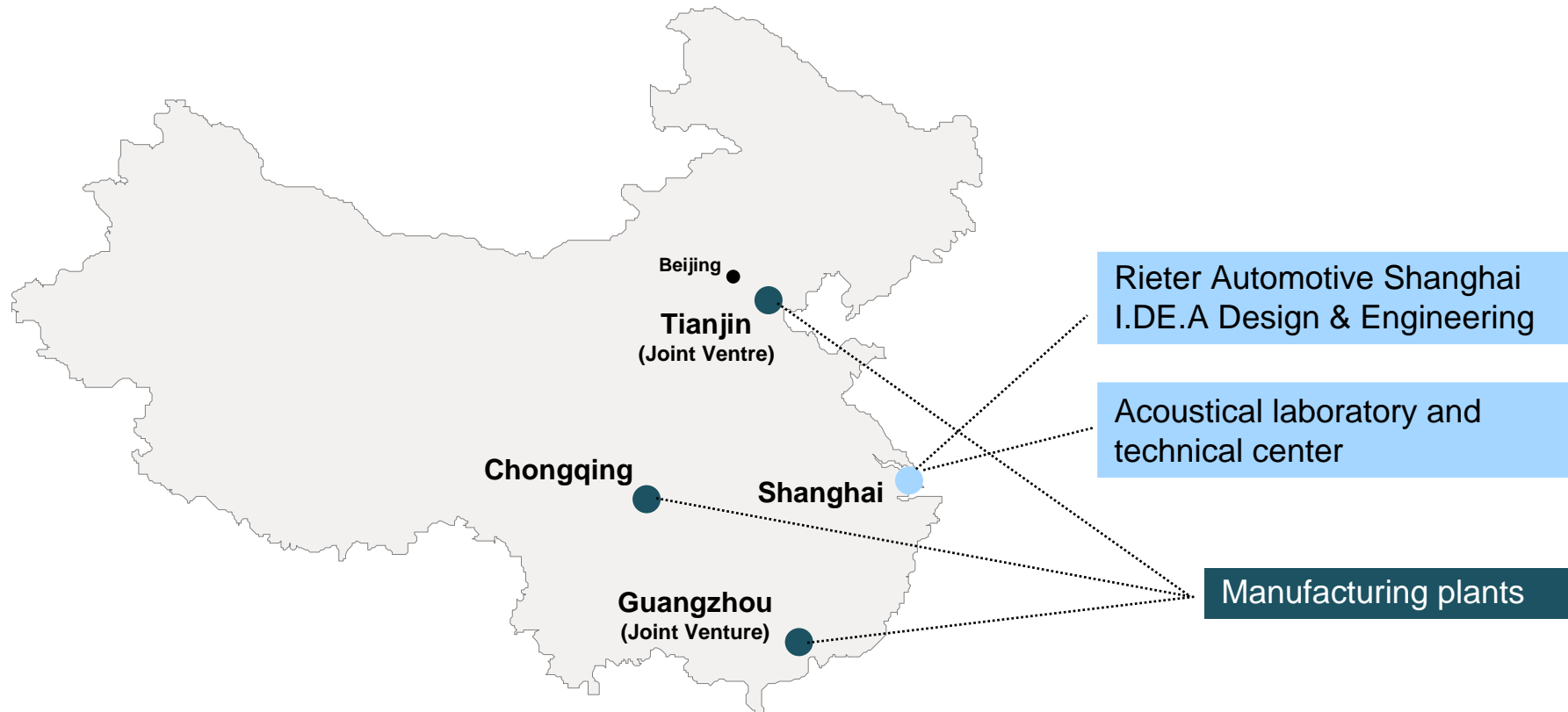
Strategic Steps Automotive Systems (3/3)

Expansion in the growth markets in Asia

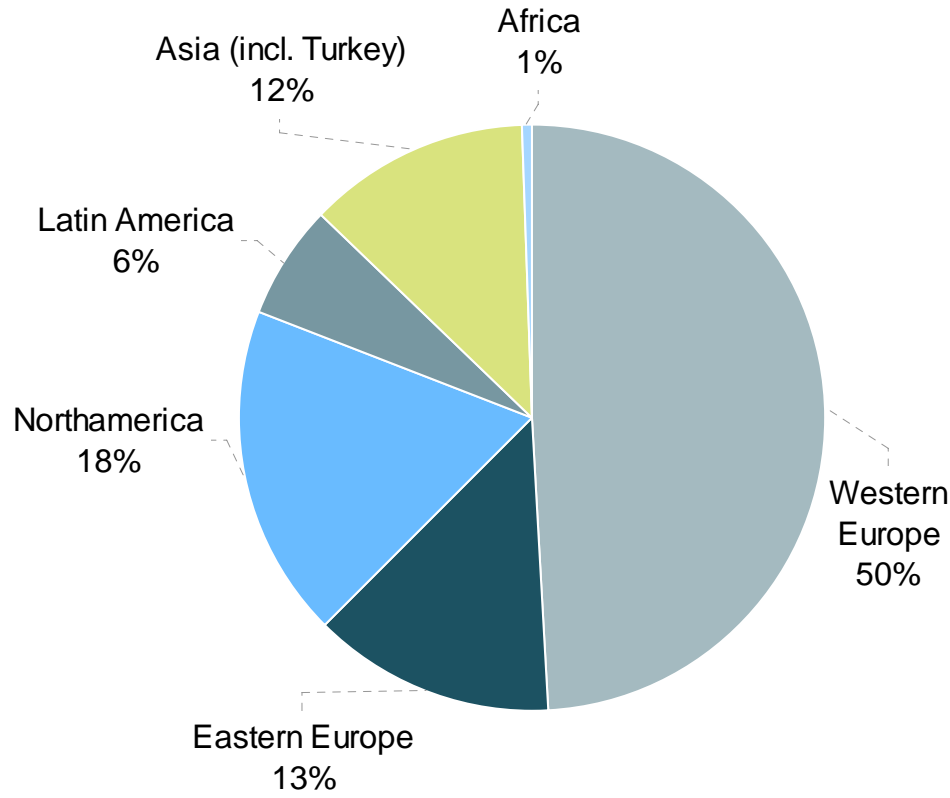
- Start of operation in the plant in Northern China at Tianjin (JV with Nittoku)
- Doubling of production capacities in the plant in Southern China (JV with Nittoku)
- Wholly-owned plant in central China shortly before start of operation
- Raise of holding in Indian automotive partner to 100%



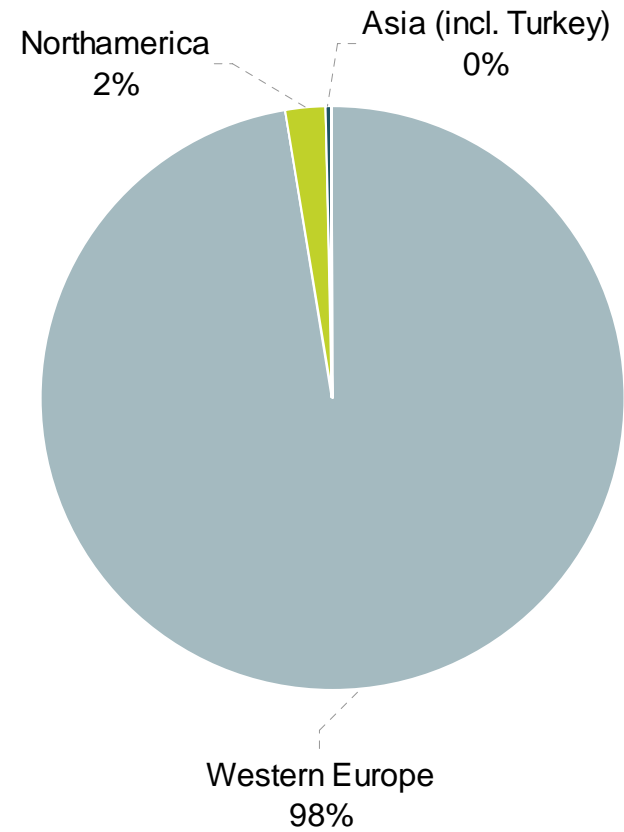
Rieter Automotive Locations in China



Follow the Customer: Employees by Region



2006



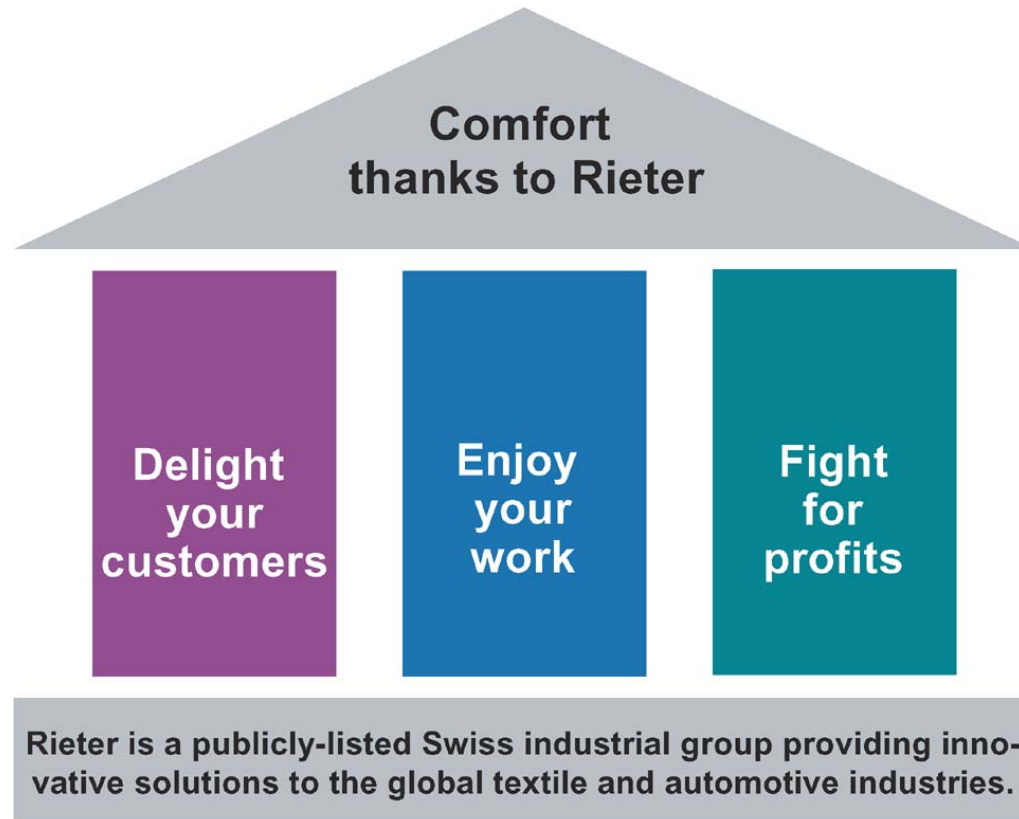
1993

Outlook 2007



- **Textile Systems**
 - Higher sales and operating result in 2007
- **Automotive Systems**
 - Good prospects for slightly higher sales revenues
- **Group**
 - Further increase in sales and a continued improvement in earnings

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.