



Welcome to the 2009 Financial Analysts` Conference

Hartmut Reuter, CEO Rieter

Agenda



- Introduction Hartmut Reuter
- Review of the business year 2008 Urs Leinhäuser
- Outlook Hartmut Reuter

Review of the business year 2008



Economy and market developments

- Financial crisis, leading to global recession
- Demand falls sharply in textile systems and automotive systems
- Steepness and speed of decline unique in Rieter's history
- Market position maintained in both divisions

“2008 and 2009 are the most difficult years faced by Rieter in recent history.”

Hartmut Reuter, CEO

Review of the business year 2008



Rieter Group

- High net loss due to restructuring provisions and impairment charges on goodwill (as announced in December 2008)
- Balance sheet still solid: equity ratio 36%, low net debt
- Options for shareholders instead of dividends

Textile Systems

- Operating result affected by volume decline and product mix
- Rapid structural and cyclical adjustments to new market conditions

Automotive Systems

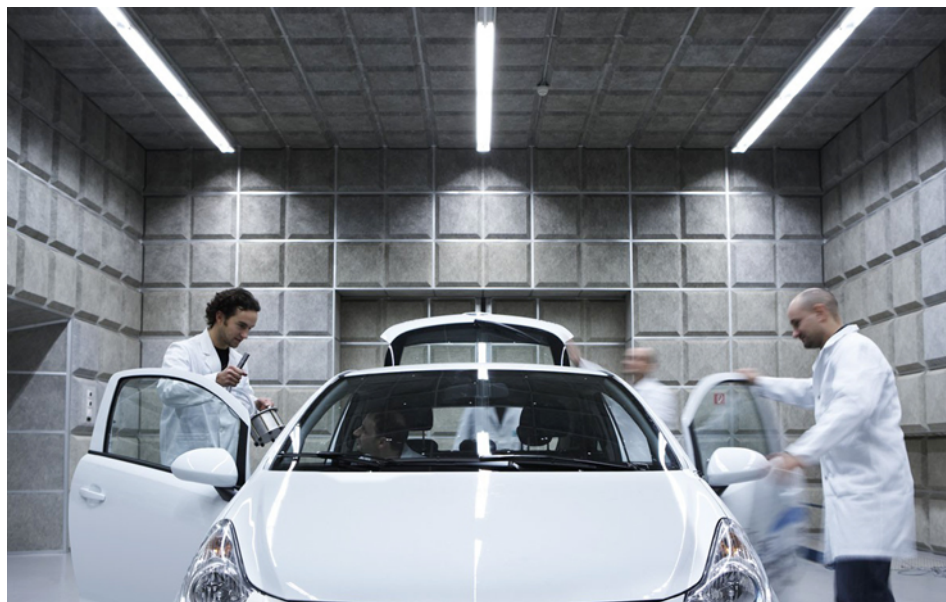
- Operating result negative due to volume decline (in 2nd half-year) and higher material and energy costs (in 1st half-year)
- Extensive cost-saving and restructuring program launched

New Board of Directors



After the Annual General Meeting (April 29, 2009) the following members will belong to the Board of Directors (subject to election by the AGM):

- Erwin Stoller, Chairman of the Board of Directors
- Jakob Baer
- Michael Pieper
- This E. Schneider
- Hans-Peter Schwald
- Dieter Spälti
- Peter Spuhler



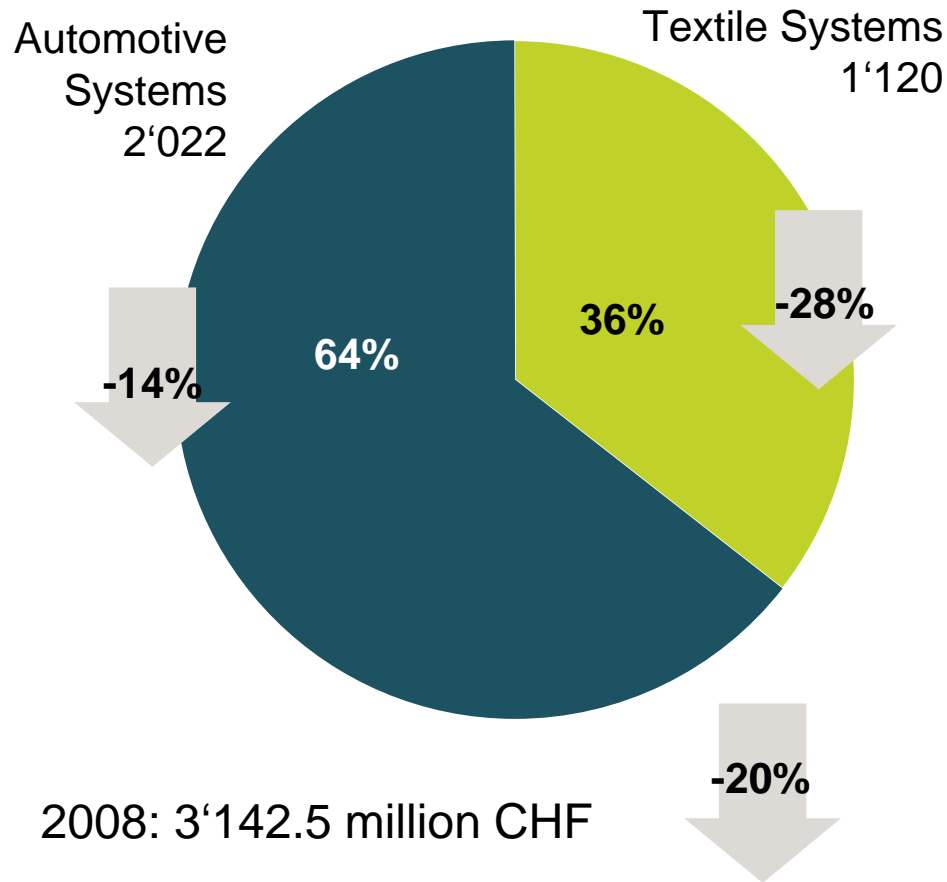
Business year 2008

Urs Leinhäuser, Chief Financial Officer

Sales by division



million CHF

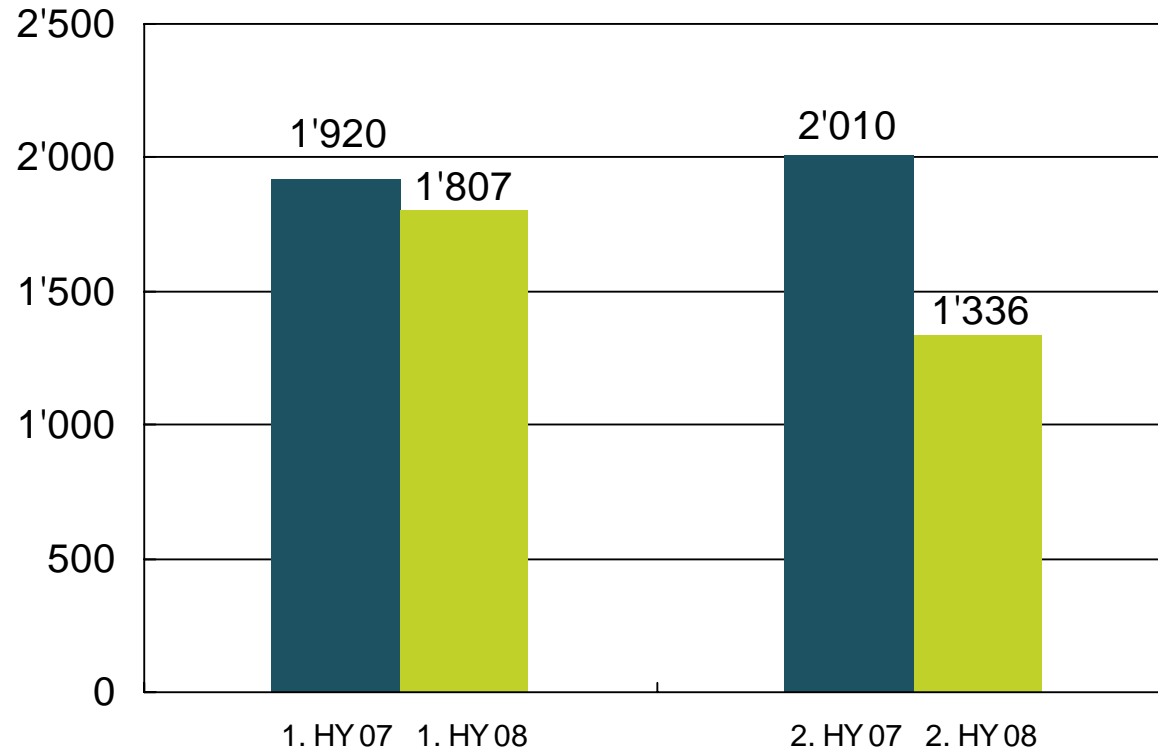


- Market position maintained in both divisions despite 787.6 million CHF lower sales
- Textile systems sales declined due to low order intake and delayed deliveries
- After years of steady growth, Automotive Systems sales impacted by the automobile industry crisis mainly in HY2

Sales per half-year

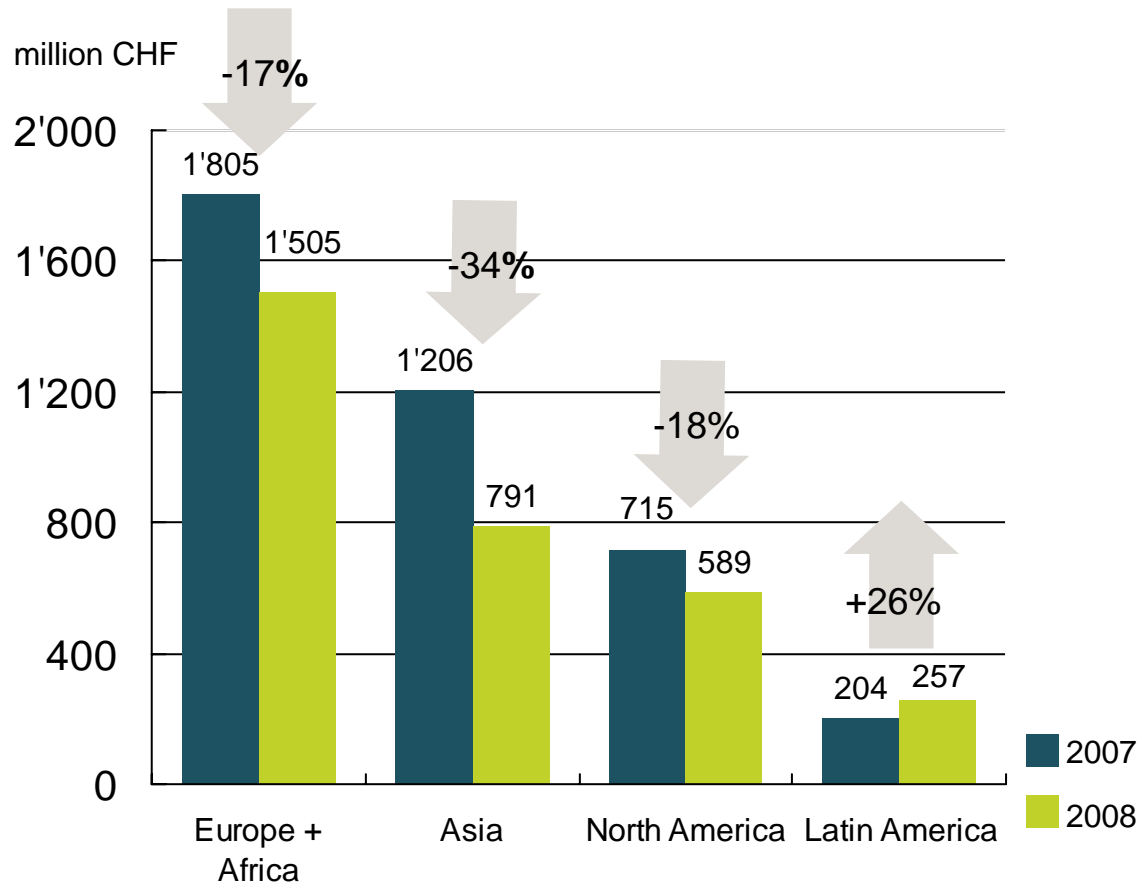


million CHF



- Overall 2008 sales decline 787.6 million CHF or 20%
- Steepest sales decline in 2nd half-year: 674.1 million CHF or more than 33%

Sales development by region



- Strong global presence
- Marked growth in Latin America mainly due to individual Textile Systems orders
- All regions affected by the global recession
- Market position maintained in all regions

2008: 3'142.5 million CHF

Operating result before special charges, interest and taxes



million CHF	2008	2007
Textile Systems	41.3	200.7
Automotive Systems	-7.3	99.7
Rieter Group ¹	22.4	286.8

- Massive decline of both divisions' sales volumes in HY2
- Higher costs of raw materials, energy and transport in HY1
- Investment in new market openings mainly during HY1
- Textile Systems product mix deterioration

¹ including other units

Special charges



million CHF	2008	2007
Restructuring	237.7	8.1
• Textile Systems	42.7	0.0
• Automotive Systems	195.0	8.1
Goodwill impairment	96.8	0.0
• Textile Systems	48.1	0.0
• Automotive Systems	48.7	0.0
Total	334.5	8.1

- 250.0 million CHF restructuring costs announced, 237.7 million CHF already accounted for in 2008
- About 50 million CHF of which already used in 2008
- Goodwill impairment totaling 96.8 million CHF equally shared by both divisions

Net result



million CHF	2008	2007
Operating result before special charges	22.4	286.8
Operating result before interest and taxes	-312.1	278.7
Financial result	-64.7	22.7
Net result before taxes	-376.8	301.4
Taxes	-19.9	-89.9
Net result	-396.7	211.5

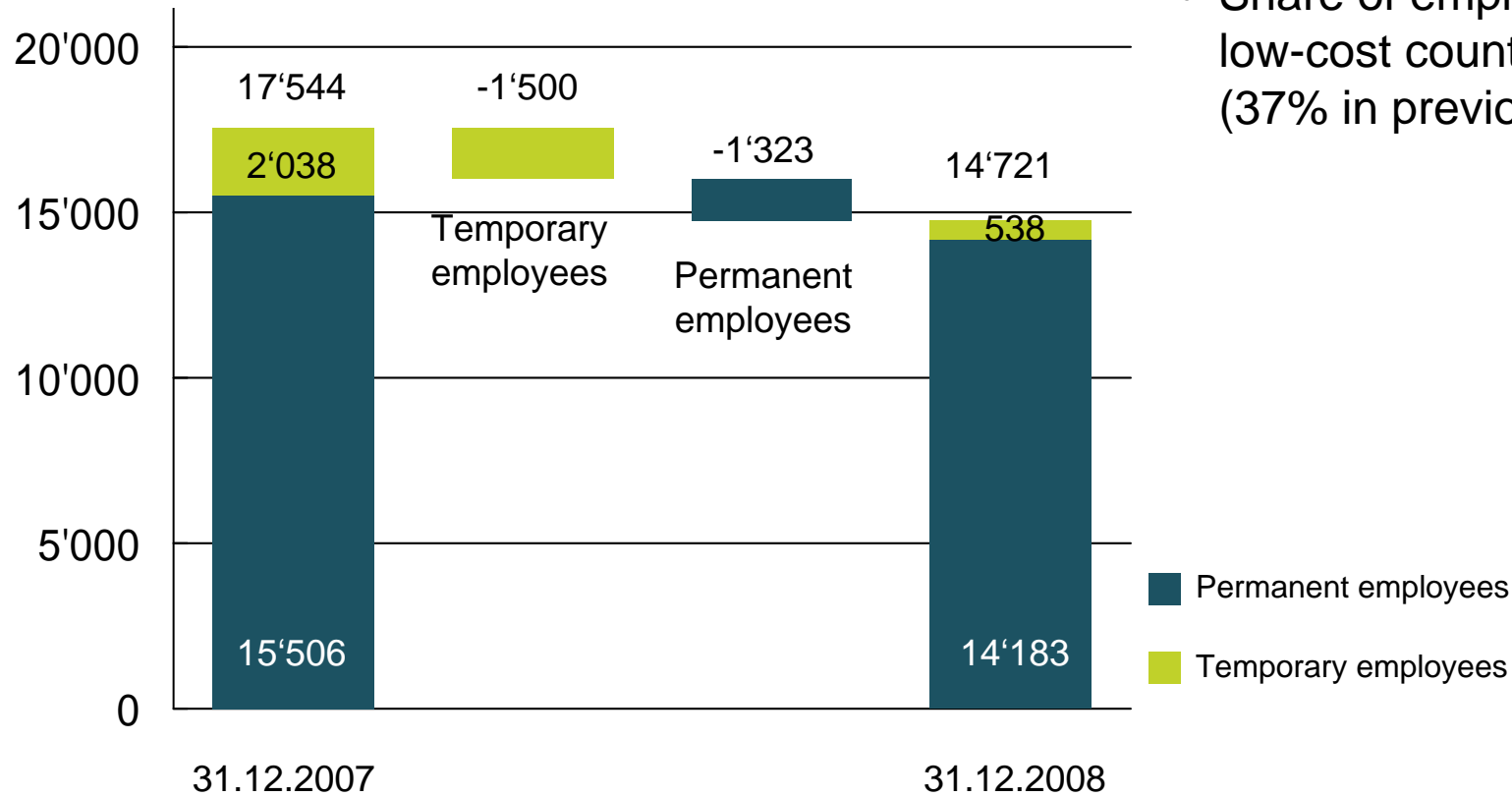
- Operating result before special charges 264.4 million CHF lower with 787.6 million CHF lower sales
- EBIT impacted by special charges of 334.5 million CHF
- Loss on sale of securities

Changes in the work force



Capacities adjusted in good time to lower volumes

- Personnel reductions 2'823 in total (about 16%)
- Share of employees in low-cost countries: 38% (37% in previous year)



Balance sheet



million CHF	2008	2007
Total assets	2'088.9	2'847.4
Non-current assets	929.3	1'192.0
Goodwill	0.0	120.4
Net working capital	143.8	307.1
Cash and cash equivalents	282.6	257.5
Marketable securities	7.7	114.6
Financial debt	327.1	227.6
Shareholders' equity	746.2	1'369.5
In % of total assets	36	48

- Still sound balance sheet with over 25% reduction of total assets
- Goodwill cleared
- Net working capital more than halved
- High cash and cash equivalents at year-end
- Additional long-term debt procured in 2008 already
- Loan agreement signed on March 20, 2009

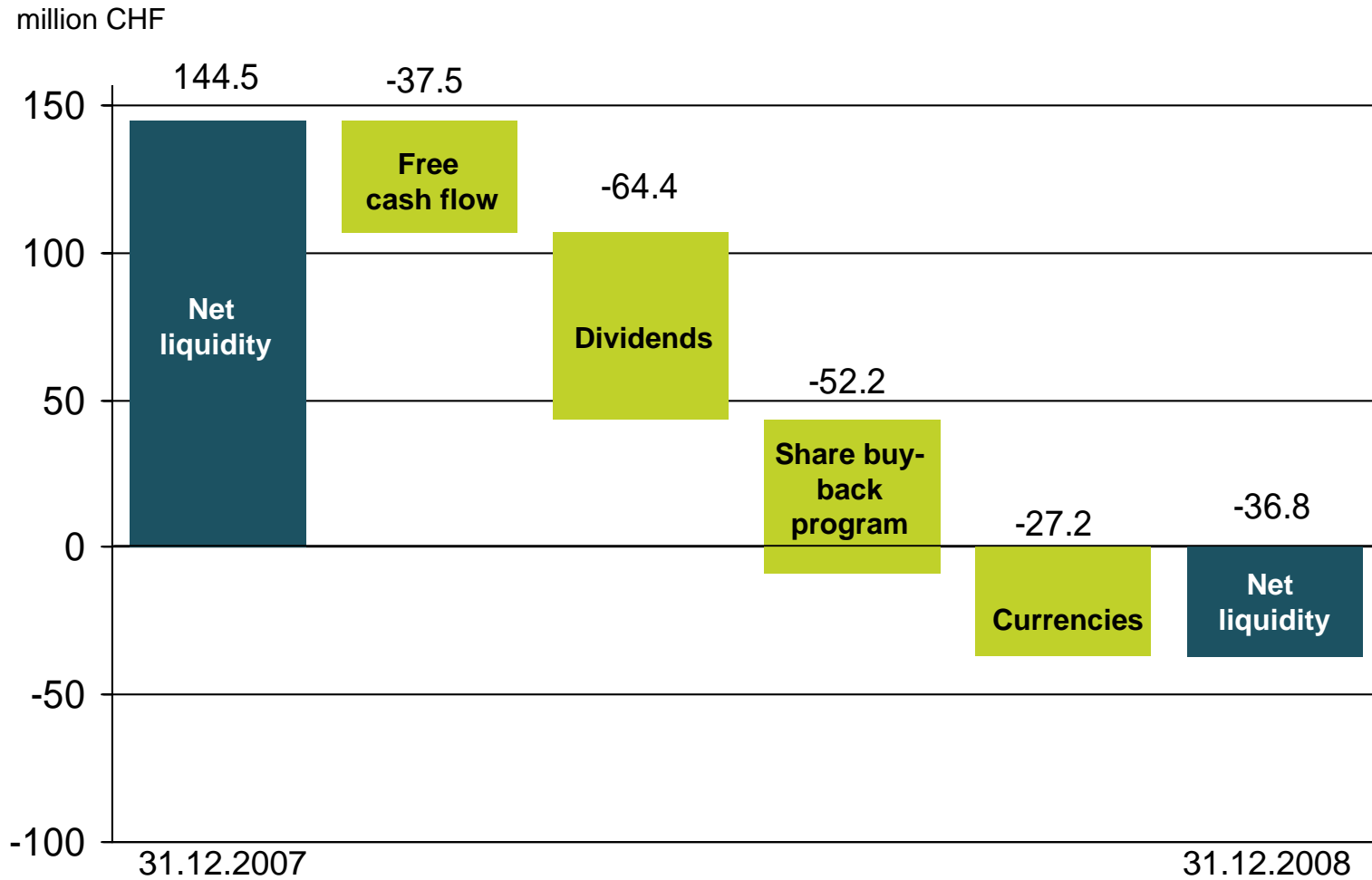
Free cash flow



million CHF	2008	2007
Net result	-396.7	211.5
Cash flow	-102.4	360.2
Net cash flow	-69.9	369.0
+/- Change in net working capital	127.1	25.9
+/- Capital expenditure on tangible and intangible assets, net	-118.7	-178.8
+/- Change in financial assets, net	-9.2	12.1
+/- Acquisitions	-8.5	0.0
+/- Divestitures	41.7	0.0
Free cash flow	-37.5	228.2

- Reduction of cash flow in line with result
- Reduction of net working capital
- Reduction of net investments
- Divestiture gain from pelletizing machinery business in 1st half-year
- Free cash flow almost balanced

Net liquidity development 2008



Options for shareholders instead of dividends



- 1985 to 2007 brought continuous profitability with dividends for shareholders
- Instead of a dividend this year, shareholders will receive options for purchasing Rieter registered shares at a reduced price
- Use of contingent share capital of max. 396'312 shares, corresponding to max. 9.2% of ordinary share capital. No AGM resolution is required
- The respective conditions (term, strike price) will be announced at a later date

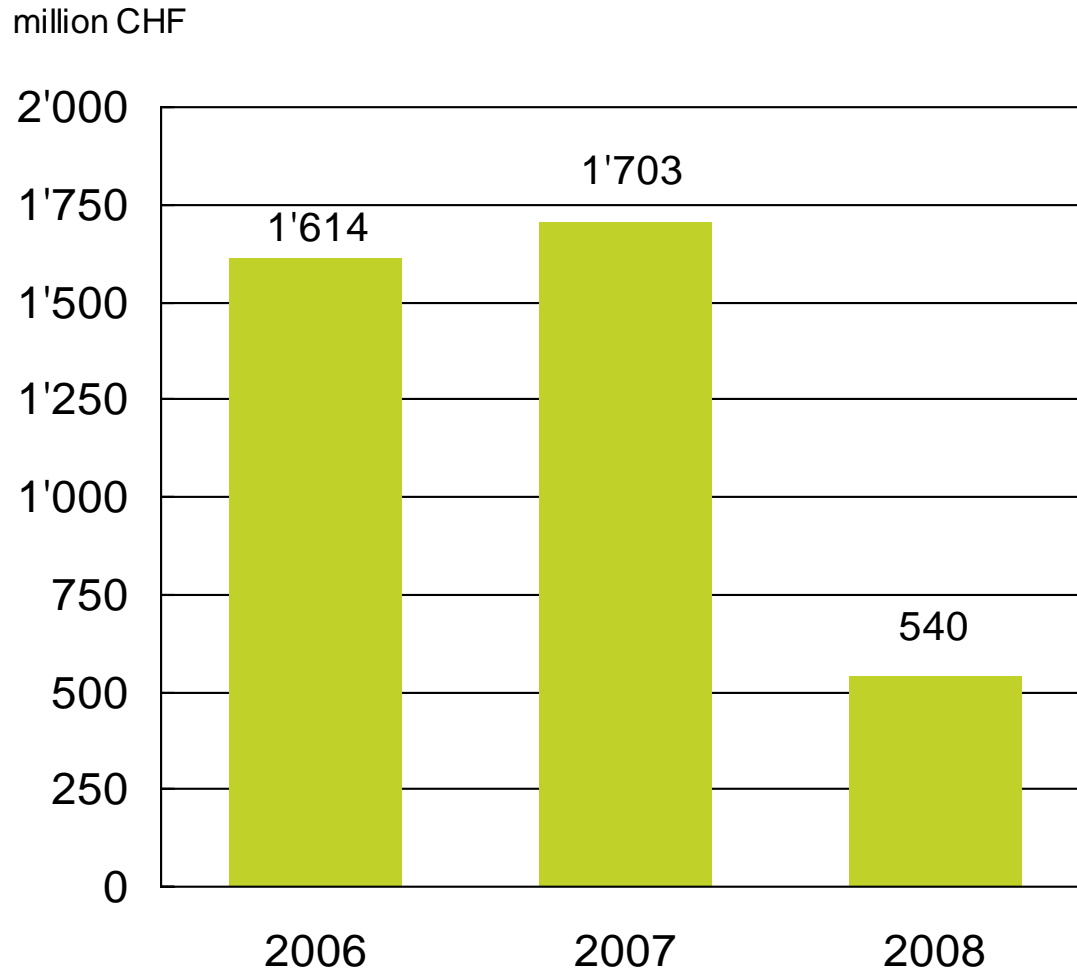
Textile Systems 2008



Leading global systems supplier for the entire spinning process

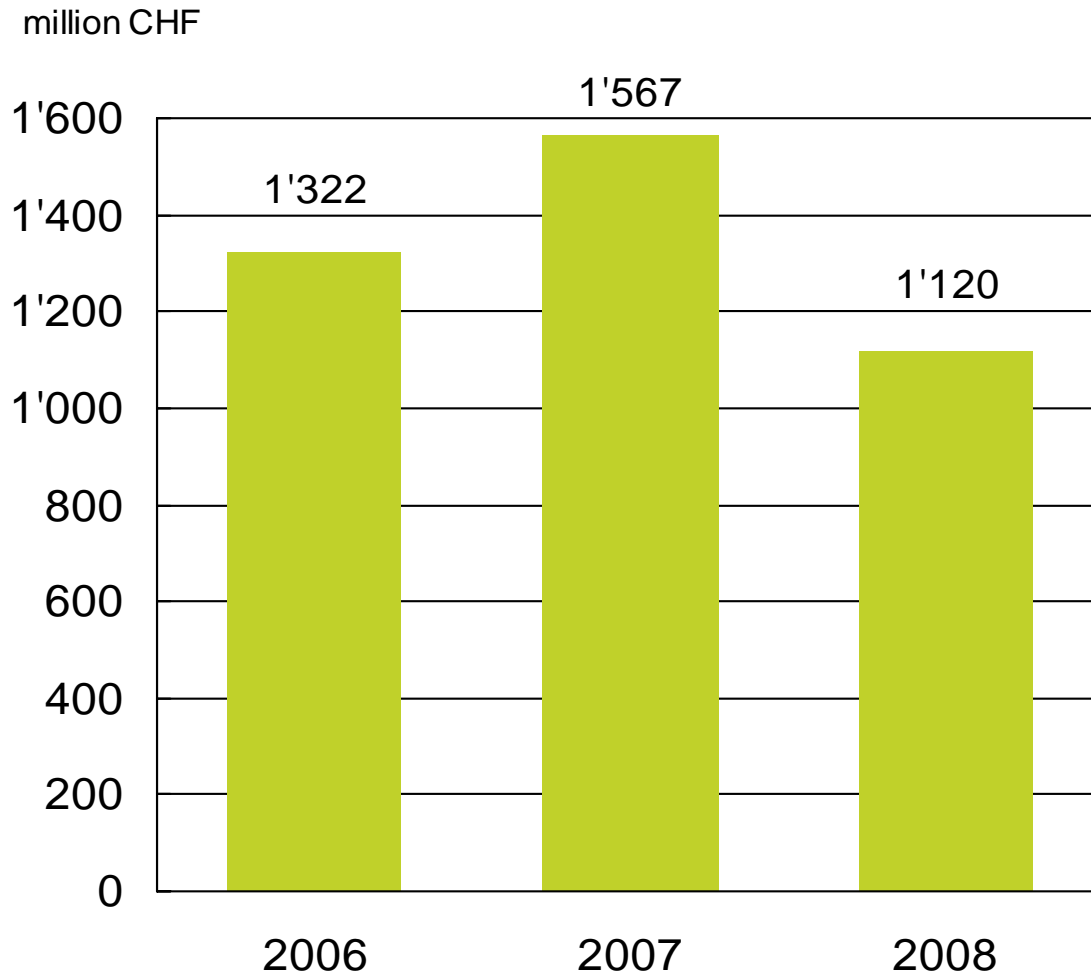


Textile Systems: Order intake



- Massive market drop
- Significant decline in short-staple yarn machine orders since March 2008
- Less decline in market demand for technological components
- Biggest demand from China and some smaller market regions such as Kazakhstan, Bangladesh and Mexico

Textile Systems: Sales

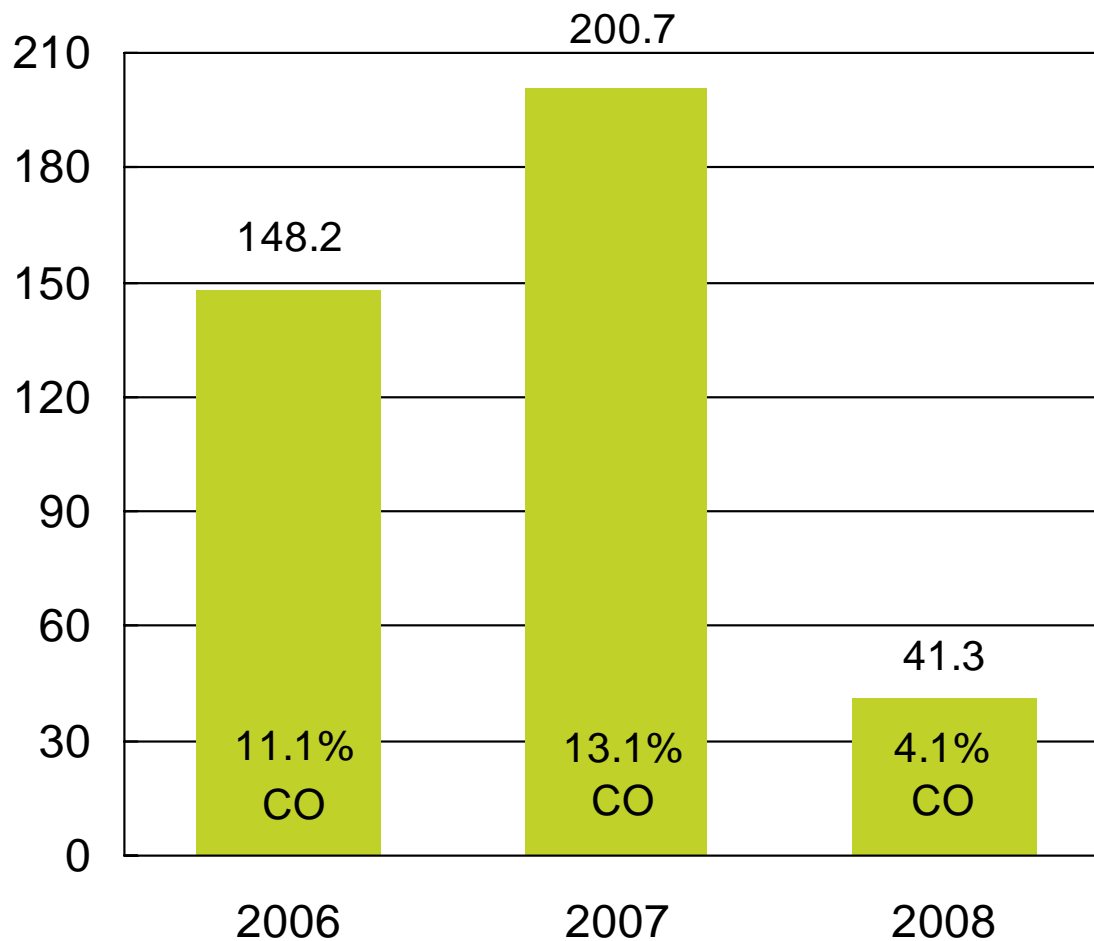


- Sales decline 2008 around 450 million CHF
- Sales decline in 2nd HY - 47%
- Market position maintained in segments served by Rieter
- Spare parts business better than machinery business

Textile Systems: Operating result before special charges, interest and taxes



million CHF



- Much lower operating result before special charges than in record year 2007
- Result impacted by steep decline in volume and low workloads
- Unfavorable product mix

CO = Corporate output

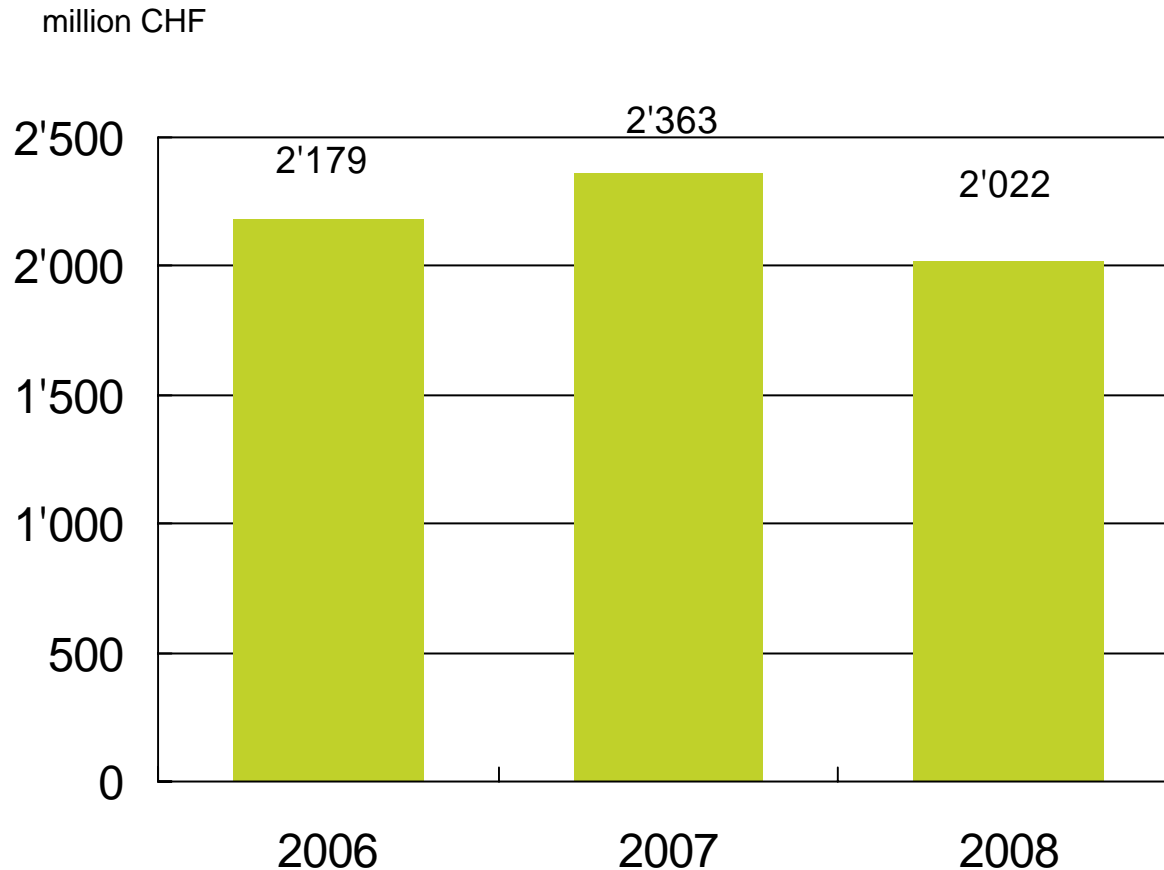
Automotive Systems 2008



Leading automotive supplier for acoustics and thermal management

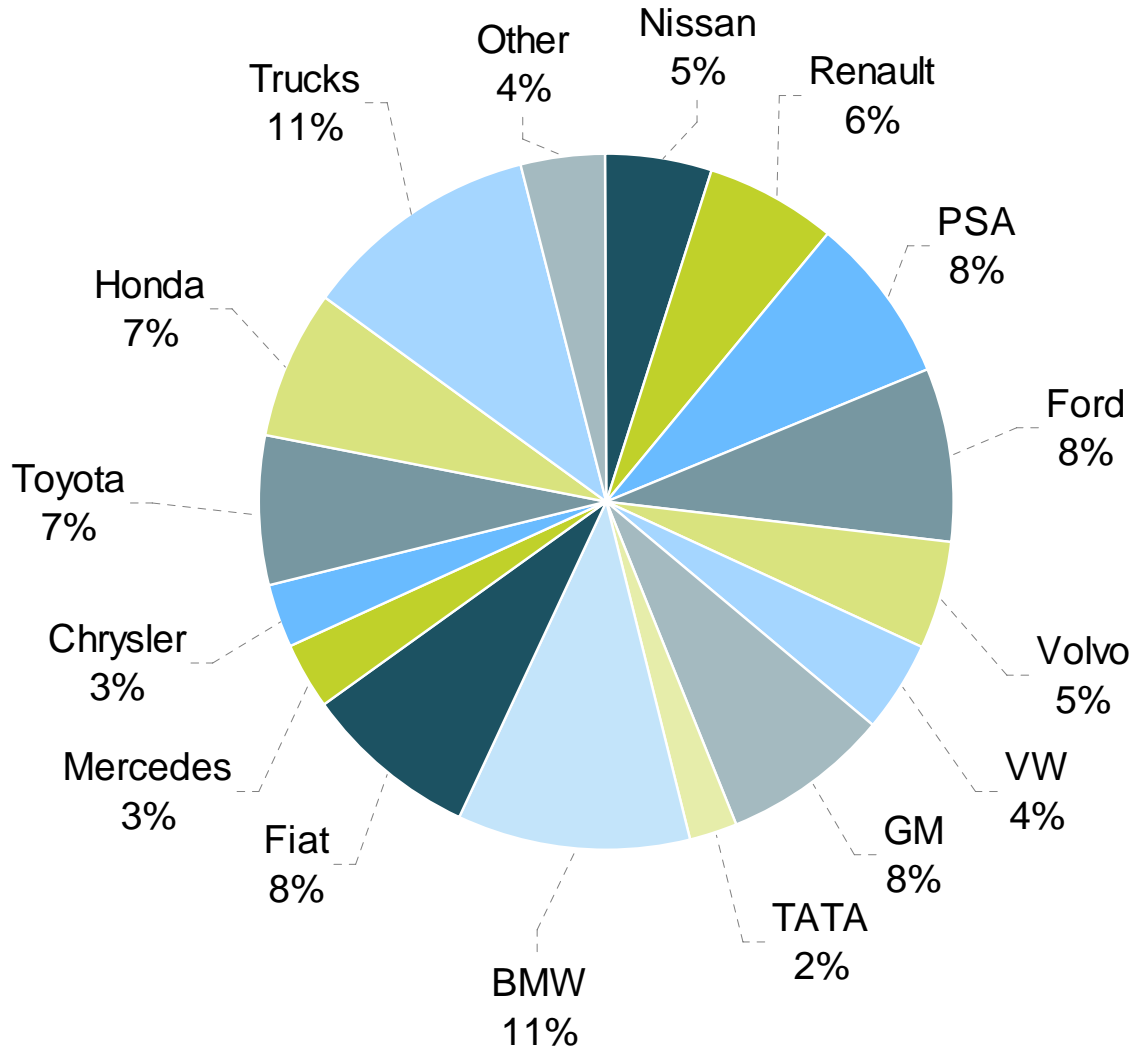


Automotive Systems: Sales



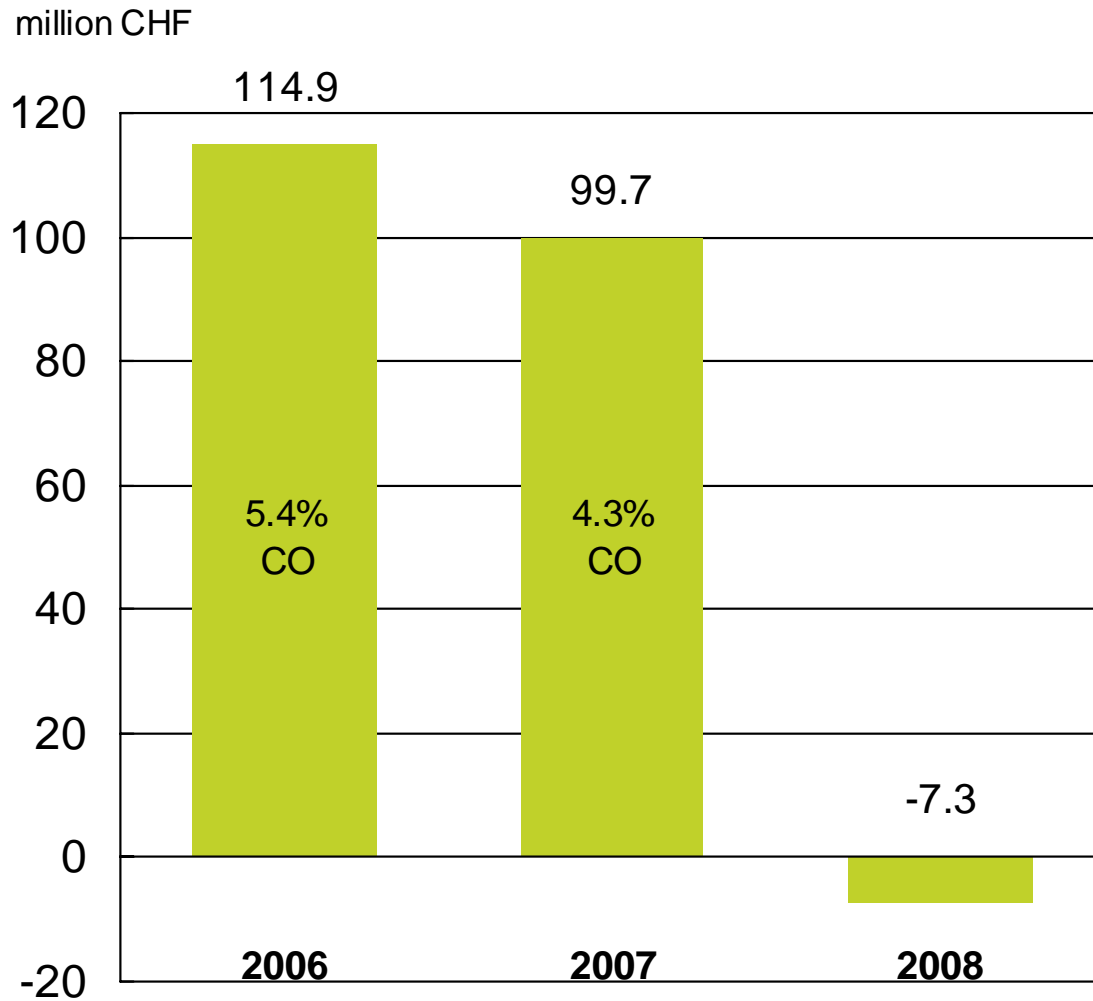
- Abrupt end to steady growth trend of recent years
- Sales around 340 million CHF lower than in previous year
- Steep decline in 2nd HY due to automobile production slump in Rieter's main markets
- Higher sales in Asia

Automotive Systems: Sales by customer groups



- Broadly based customer portfolio
- Rieter supplies all leading automobile manufacturers worldwide
- About 20% of sales to Japanese customers

Automotive Systems: Operating result before special charges, interest and taxes



- Higher material, energy and transport costs in 1st half-year
- Result impacted by steep volume decline mainly in 2nd HY

CO = Corporate output



Outlook

Hartmut Reuter, CEO Rieter

Rieter Group: Starting point for 2009



Global recession

- Steep volume decline in both divisions
- Earnings and liquidity impacted
 - Inadequate workloads
 - Cost adjustment and restructuring program
- Forecast for the year with much uncertainties

Rieter Group: Goals for 2009



Minimize liquidity drain

- Planning and controlling primarily via liquidity
- Continuously adapt net working capital to volumes
- Halve capital expenditures of the Group
- Push forward restructuring projects and adapt personnel measures to new volumes; realize cost-savings

Exploit opportunities

- Push forward innovation projects systematically
- Expand market shares

Textile Systems: Rieter as leading brand leader



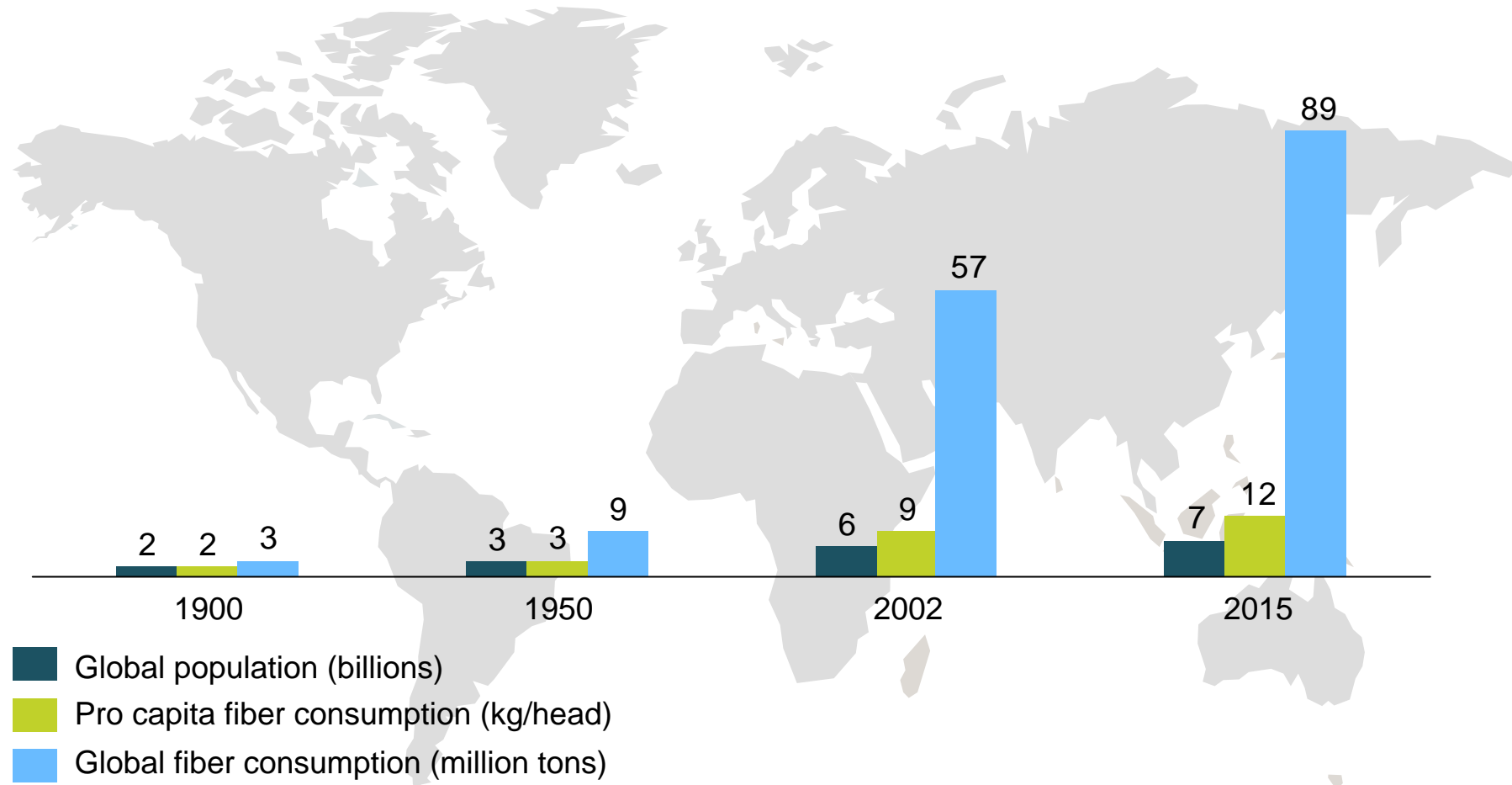
Distinguished by:

- Innovation and market leadership in short-staple yarn machines and systems
 - Price advantage thanks to yarn quality, low operating costs and optimal material utilization
- Flexible production network worldwide
 - Active cycle management
- Global sales organization with excellent customer relations
 - Comprehensive local support of about 7'000 customers
- Less cyclic after-sales business considerably expanded over the last 15 years
 - Market leader today in high-quality spare parts and replacements

Textile Systems: Future development (1)



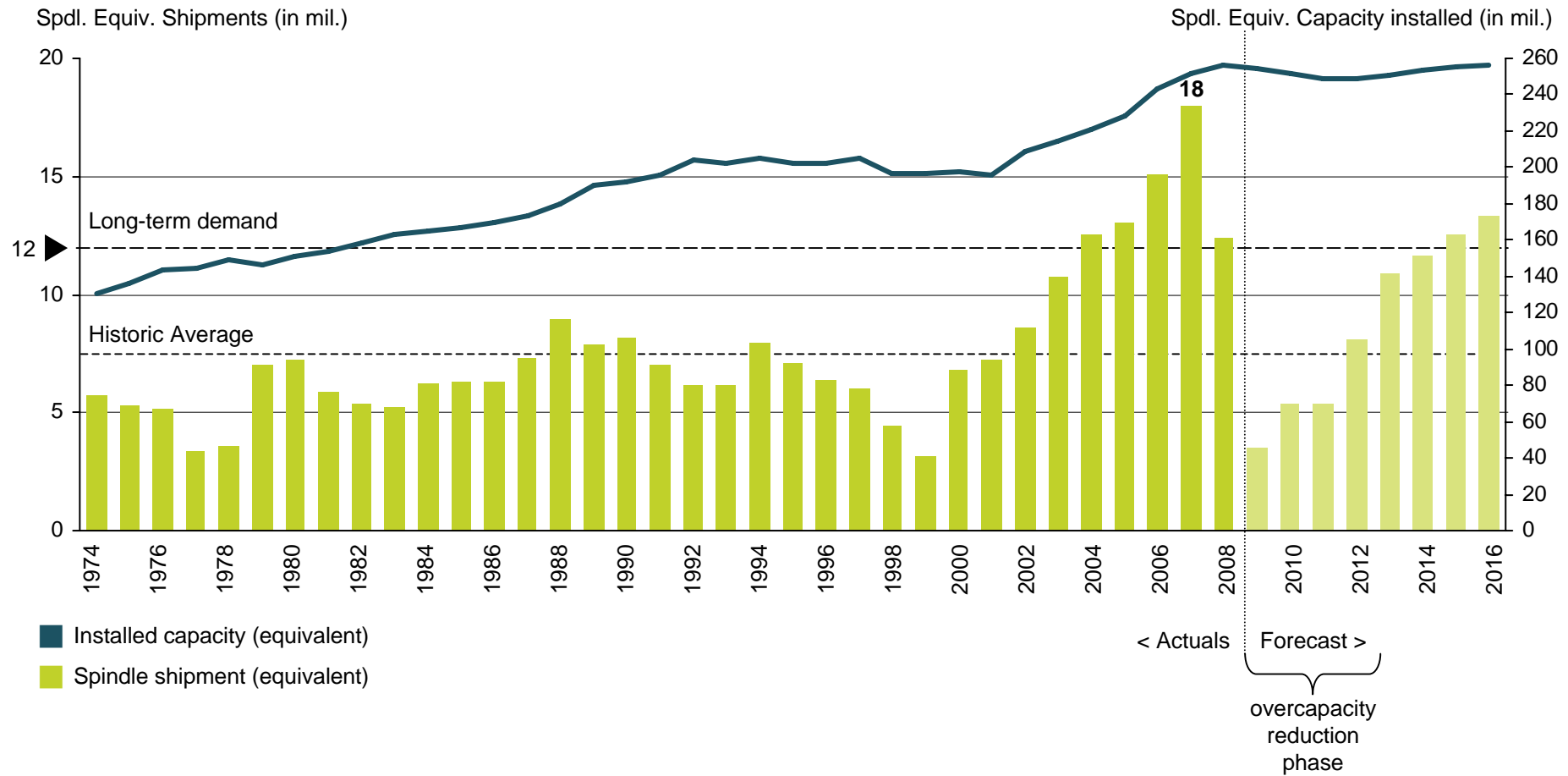
Global fiber consumption exceeds population growth due to increasing prosperity. Overall growth is expected to average 3-4% p.a.



Textile Systems: Future Development (2)



After the 2008 / 2009 recession, annual spindle sales will total about 12 million CHF, with a fluctuation of +/- 20% per year.



Note: shipments; 1 Rotor = 5 Ringspindle equivalents
Including estimation of Chinese spindle volumes 1974 – 2000

Textile Systems: New products



Air-jet spinning machine J 10

Air-jet spinning machine

- Focussed market launch in Europe in 2008/2009
- Higher productivity reduces yarn production costs
- Above average yarn characteristics



Drawframe D 401

Local manufacturing in China/India

- Drawframe made in China for the local market
- Good demand
- Good price/performance ratio

Automotive Systems: specialist for acoustics and thermal management



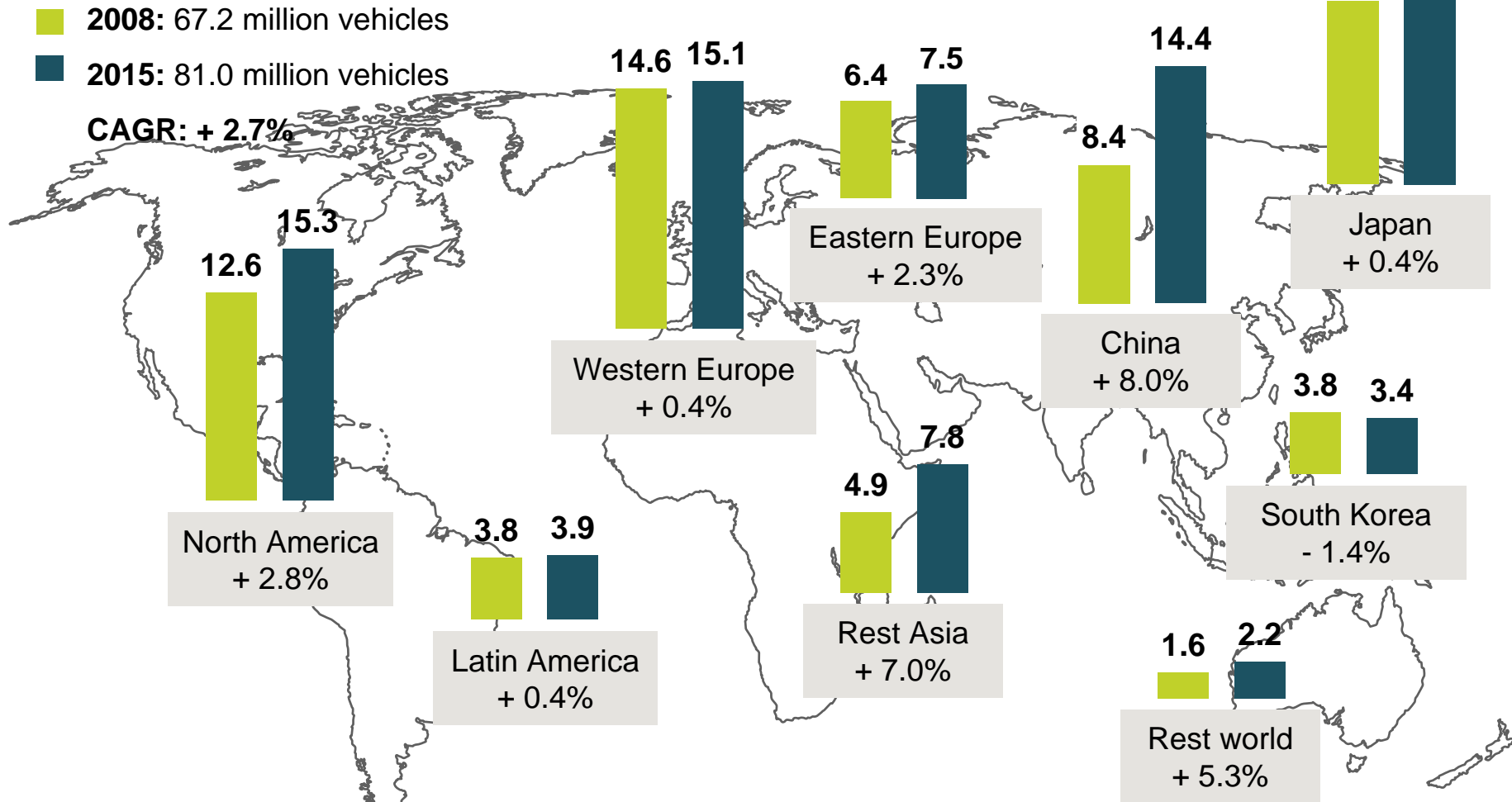
Distinguished by :

- Innovation and market leadership in acoustics and thermal protection systems
 - A strong and dependable partner to the automobile industry for mutual innovation
- About 50 production plants worldwide provide local customer support
 - Continuous improvement is daily business
- Global sales organization with excellent customer relations
 - Good business contacts with all leading automobile and truck manufacturers – a widely diversified customer portfolio

Automotive Systems: Market development



Global vehicle production (Light vehicles)



Source: Global Insight, March 13, 2009;
 CAGR=Compounded Annual Growth Rate

Engine Bay



Engine encapsulations with focus on acoustics and/or heat management: lower fuel consumption and emissions, better acoustics

Underbody



Lightweight fiber technology (RUS) for **underfloor panels** and under engine shields: combination of noise absorption and high stiffness

Heat Shield



Significant weight reduction of **heat shields** by reducing thickness at same stiffness through an innovative simulation technique. Leads to enhanced customer value (CO₂ reduction).

Important production launches in 2008/2009

Product innovations for organic growth



BMW 3 Series



Saic-Iveco-Hongyan-Genlyon



Mercedes E Class



Dacia Sandero



Toyota Avensis

And the future for the Rieter Group?



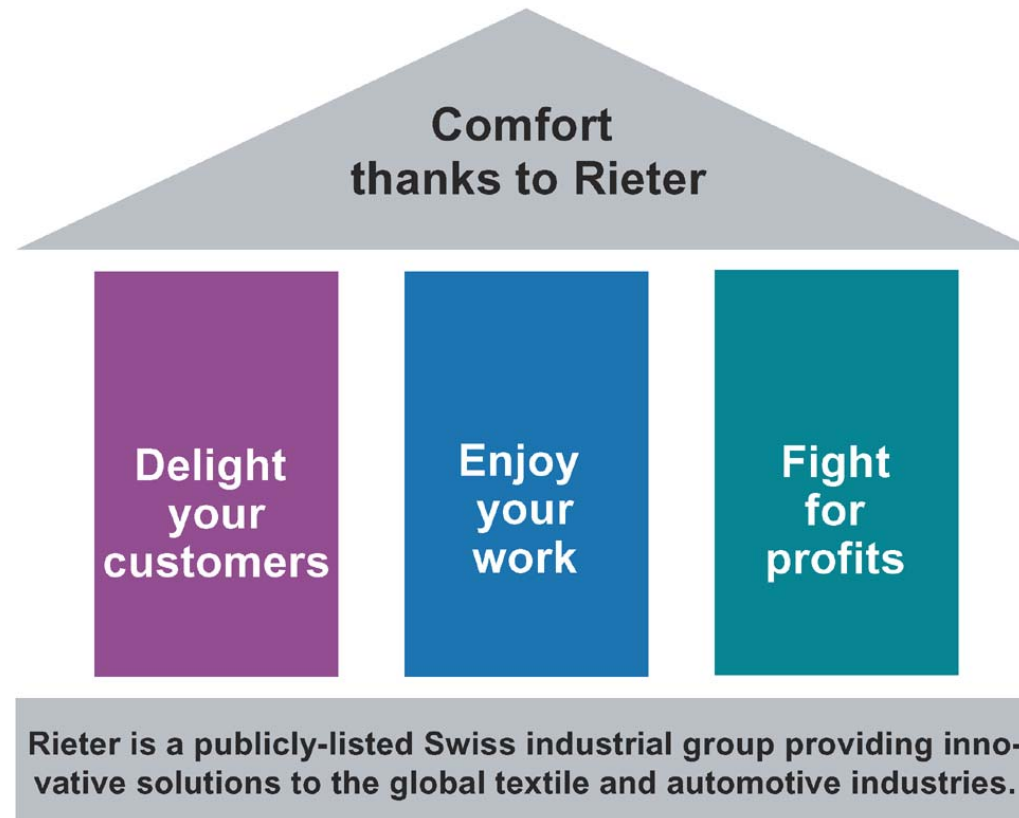
Summary

- Cost-savings take clear priority
- Focus for 2009: conserve cash flow and equity
- Exploit foreseeable consolidation opportunities in both divisions
- Improve our market positioning with product innovations

Outlook

- Significantly lower sales in both divisions
- In spite of initiated adjustment of production capacity and cost structure to declining demand, an operating loss is probable

Rieter Group: Values and Principles



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