



2009 Half Year Results

Erwin Stoller, Executive Chairman

Urs Leinhäuser, Chief Financial Officer

Agenda



- Introduction and Summary of HY1 2009 Erwin Stoller
- Financial Results HY1 2009 Urs Leinhäuser
- Outlook & Restructuring Program Erwin Stoller

Summary HY1 2009 (1)



- Rieter severely affected by downswing: Corporate output more than -50%
- Cost reduction 30%
- 2700 permanent jobs or 18% and 1'300 temporary jobs were reduced compared with a year earlier. In Europe, 3'000 employees were working on a short-time basis.
- Mainly due to the slump in sales – 50% or 900 million CHF lower – a net loss of some 150 million CHF resulted
- Rieter still has a solid financial base with a net liquidity of some 57 million CHF and an equity ratio of some 40%.
- Drastic reduction of networking capital and Capex.

Summary HY1 2009 (2)



- Equity base reinforced: Selling of own shares and issue of shareholders' options.
- In both divisions Rieter maintained its leading market position in the main product segment
- Conclusion: We have done a lot, and quickly, but it's not enough.
- Further measures to be commented in the outlook.



Financial Results HY1 2009

Urs Leinhäuser, Chief Financial Officer

Highlights Financial Results HY1 2009

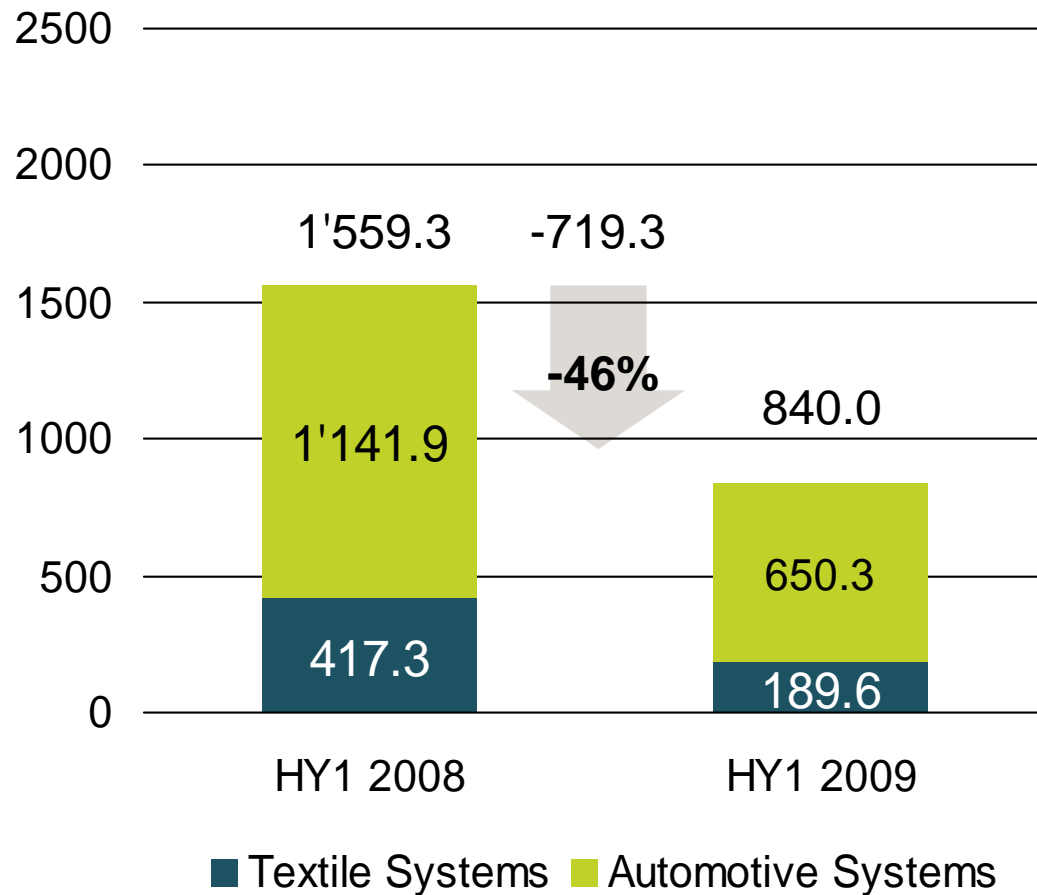


• Sales	906.8 Mio CHF lower	} Change against previous period
• Net result	186.3 Mio CHF lower	
• Employee and other operating costs	reduced by 253.5 Mio CHF	
• Number of employees (incl. temps)	reduced by 3'993	
• Free cash flow (HY1 09)	-3.0 Mio CHF	
• Net liquidity (at 30.06.09)	+56.6 Mio CHF	
• Equity ratio (at 30.06.09)	40.1%	

HY1: Orders by Division



CHF million

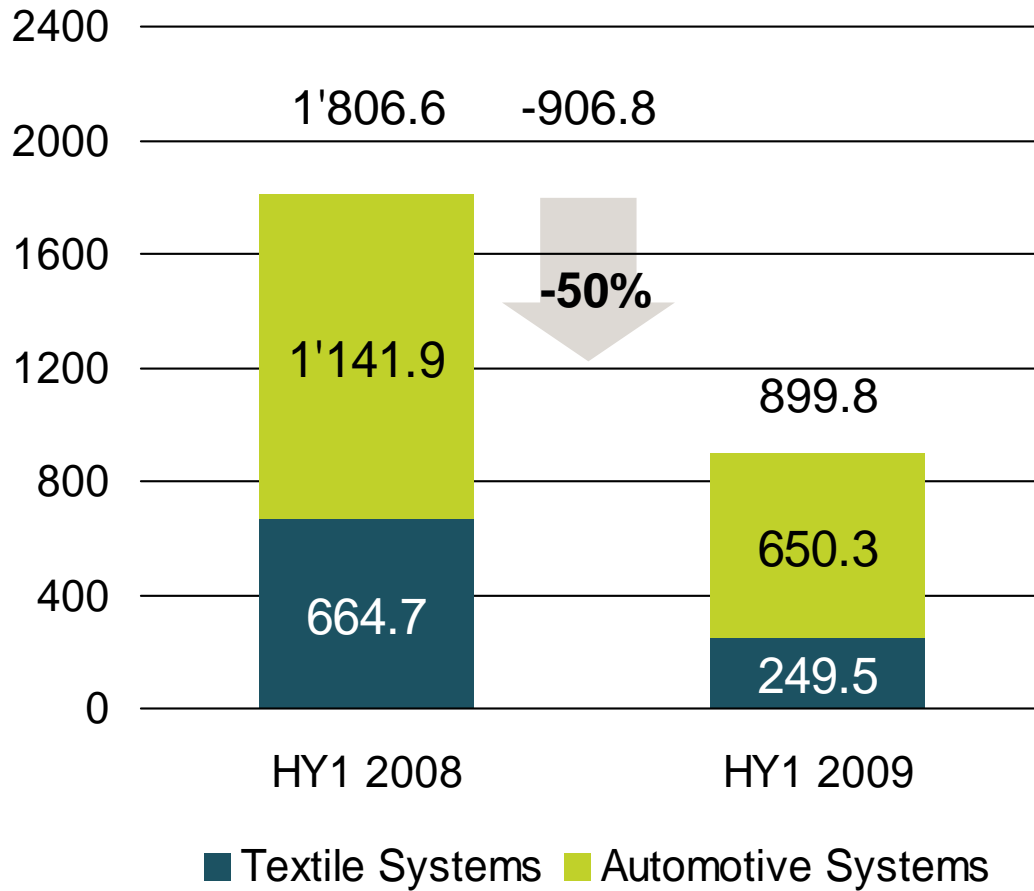


- Orders at Textile Systems declined by 55% due to downturn in industry
- Main automotive markets with production cuts between 30 and 50%
- In the Automotive division orders = sales

HY1: Sales by Division

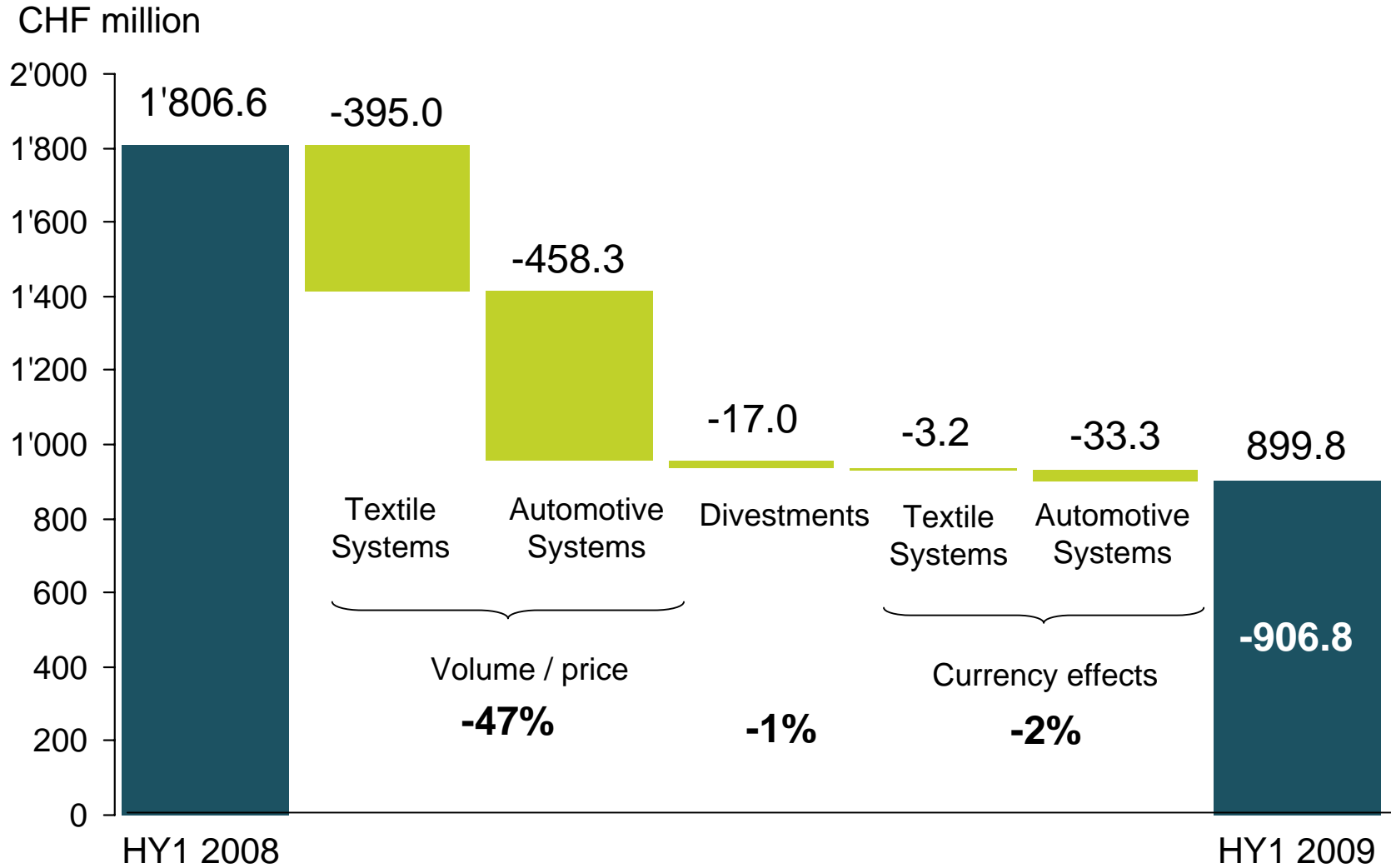


CHF million



- Sales -48% (adjusted for currency effects)
- Sales in Q2 were almost 20% higher than in Q1 2009
- Steep order intake decline in HY2 08 and Q1 09 resulted in lower Textile sales
- Substantial decline in worldwide Automotive sales, due to severe production cuts of customers
- Both divisions successfully maintained their market position

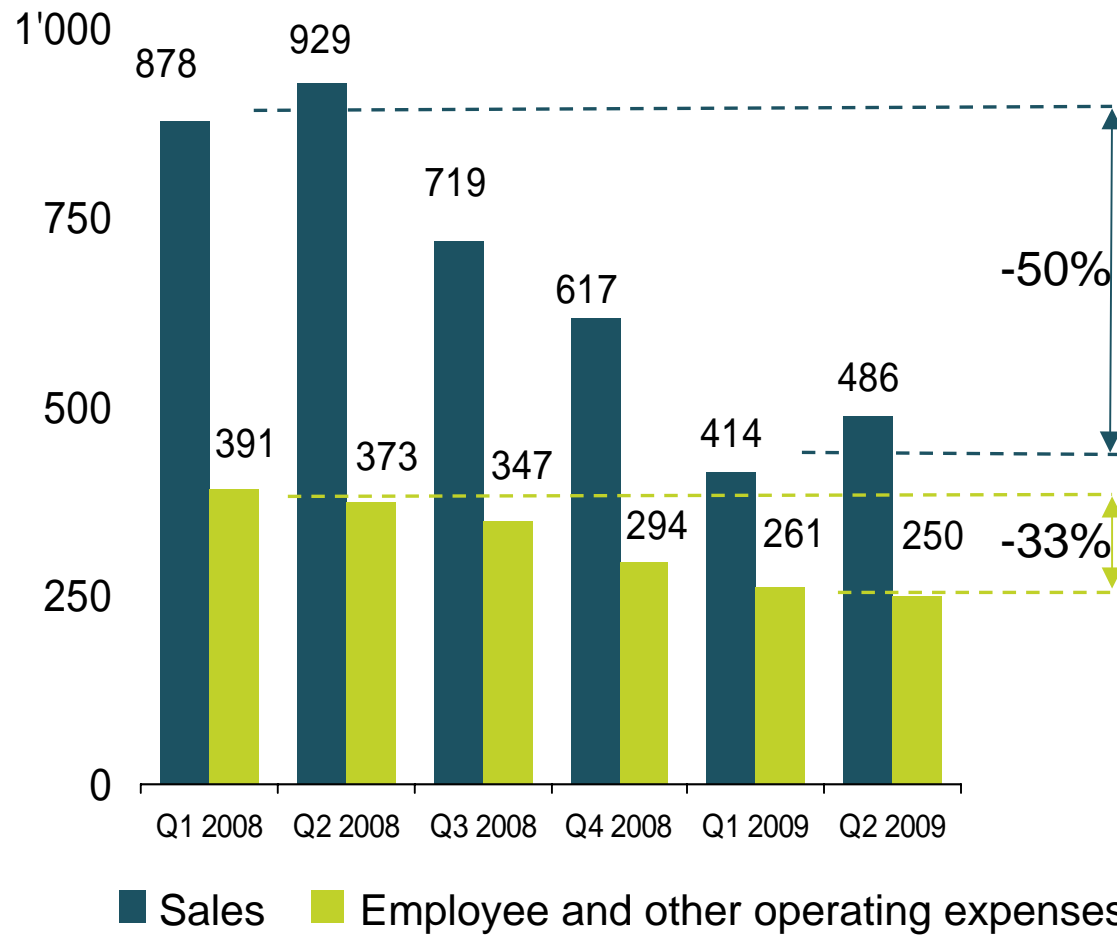
HY1: Sales Development



HY1: Sales and Cost Reduction



CHF million

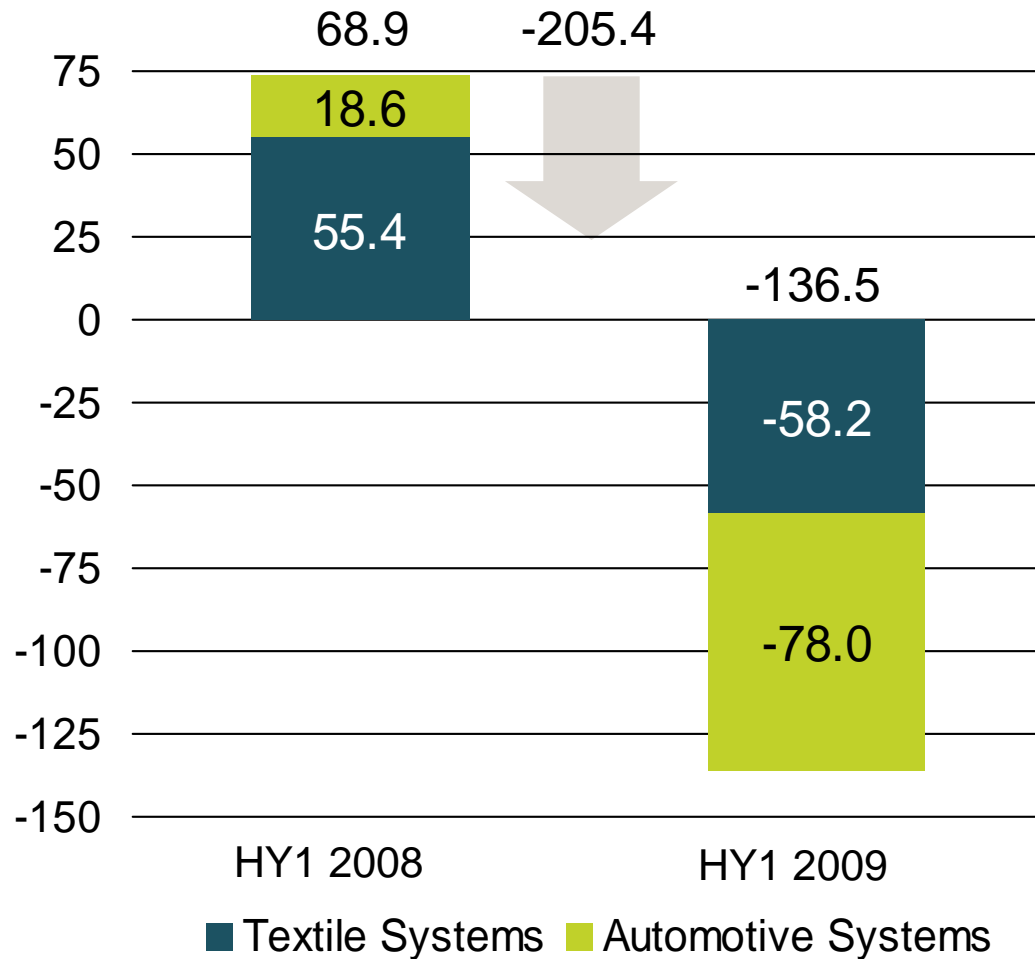


- 50% sales decrease countered by a 33% reduction of employee costs and other operating expenses
- Continuous improvement of cost structure

HY1: Operating Result (EBIT)



CHF million

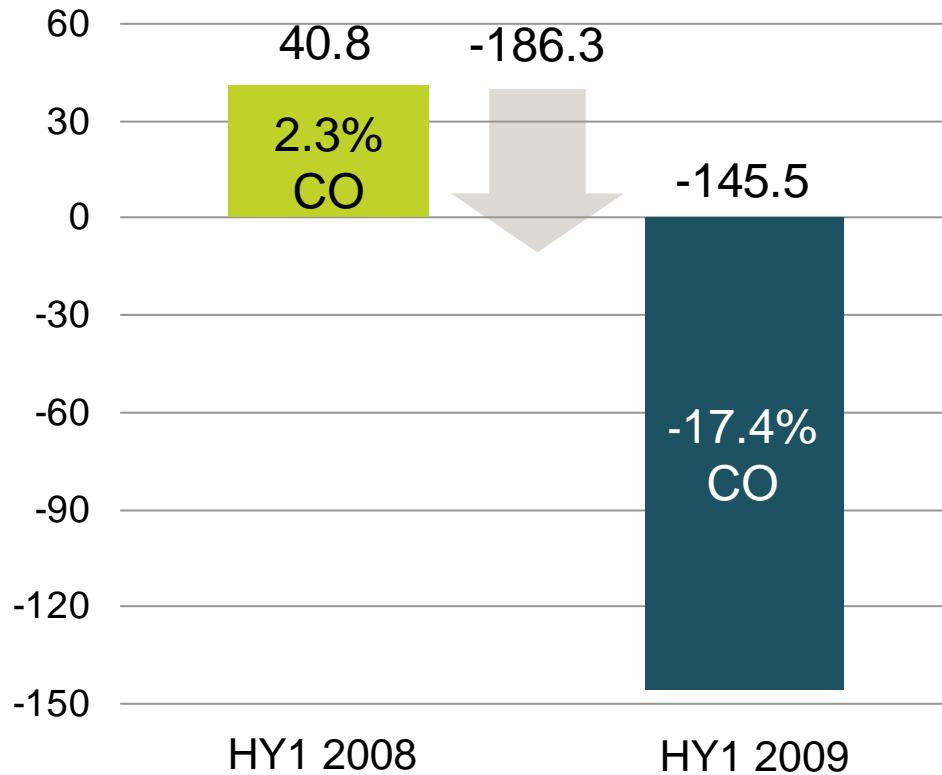


- Operating result (EBIT) was 205.4 million CHF below previous year
- Lower result mainly due to volume drop, although employee costs and operating expenses were reduced by a third
- Improvement of monthly result since January 2009
- No special charges in HY1 09 (20.0 million in HY1 08)

HY1: Net Result / EPS



CHF million



- Net result is 186.3 million CHF below previous year
- Mainly due to steep decline in volume
- Net financial charge includes 3.4 million CHF of non-recurring costs
- EPS was -34.93 CHF (8.89 CHF in the previous year)

CO = Corporate output

HY1: Balance Sheet



	30.06.09	31.12.08	30.06.08
	CHF million	CHF million	CHF million
Total assets	1'838.8	2'088.9	2'680.8
Non-current assets	895.9	929.3	1'113.6
Net working capital	67.3	143.8	347.9
Net liquidity	56.6	-36.8	25.8
Short-term financial debt	75.0	198.3	189.1
Long-term financial debt	123.5	128.8	139.8
Shareholders' equity	737.8	746.2	1'233.9
in % of total assets	40%	36%	46%

- Decrease of total assets due to reduced working capital and lower capital expenditure
- Measures to reduce net working capital successful
- Positive net liquidity
- Solid equity capital ratio of 40%
- New loan agreement signed in March 2009
- Still solid financial basis

HY1: Net Working Capital



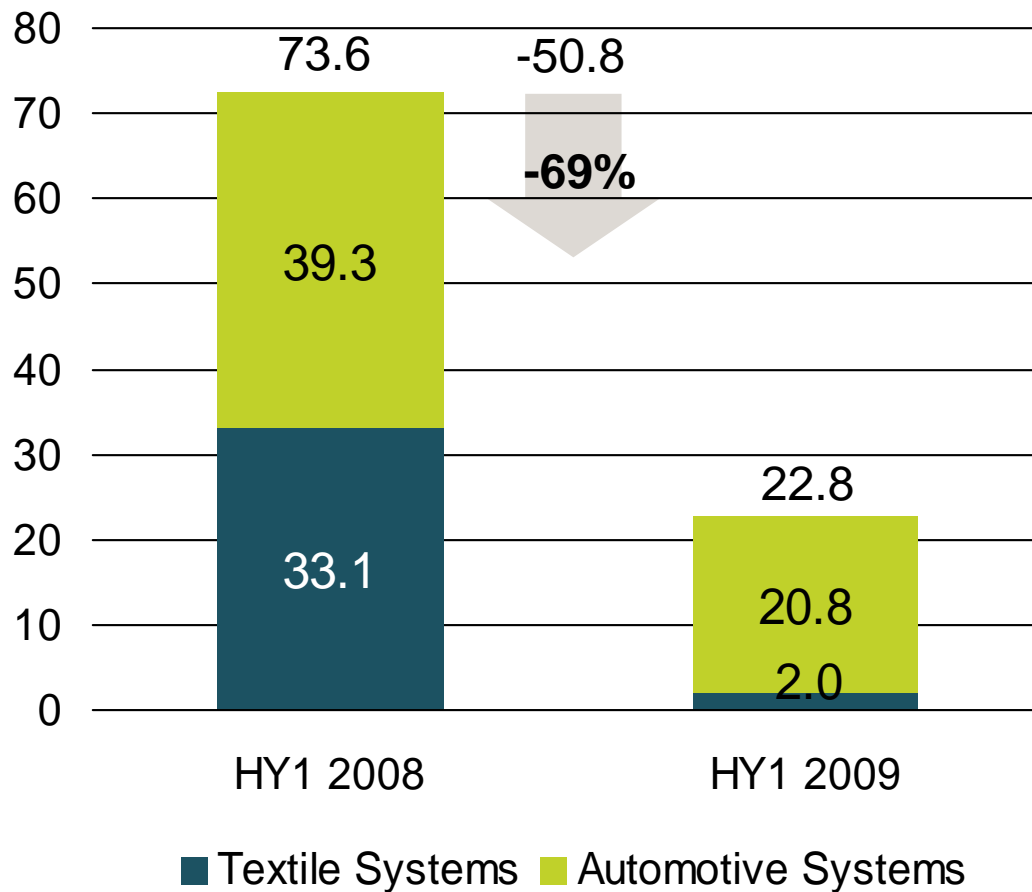
	30.06.09	31.12.08	30.06.08
	CHF million	CHF million	CHF million
Inventories	287.3	361.3	477.8
Trade receivables	300.4	382.1	607.5
Other receivables	100.1	125.9	127.2
Trade payables	-201.3	-268.5	-387.2
Advance payments	-59.9	-74.3	-157.8
Other current liabilities	-359.3	-382.7	-319.6
Net working capital	67.3	143.8	347.9

- Reduction of net working capital due to sharp reduction of inventories and trade receivables
- Mainly volume related decrease of payables and advance payments from customers
- Minimized risk with GM/Chrysler (US Supplier Insurance Program)

HY1: Capital Expenditure



CHF million



- Capex was reduced by some 70%
- Investments in core projects continued
- The Textile share of total capex is 9%, the share of Automotive 91%

Free Cash Flow



CHF million

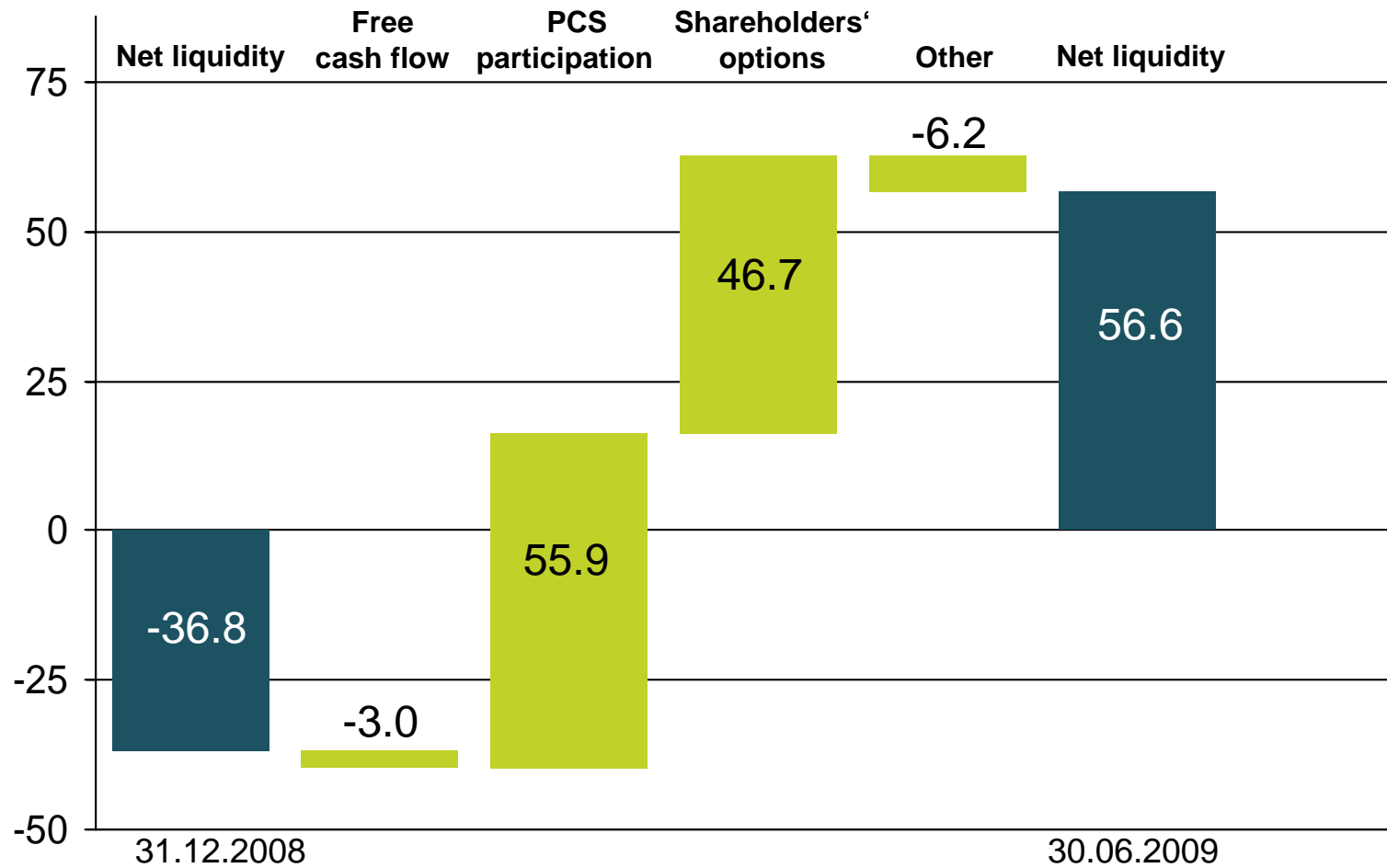
	HY1 2009	HY1 2008
Net result	-145.5	40.8
Cash flow	-84.3	114.4
Net cash flow	-92.3	108.6
+/- Change in net working capital	78.8	-62.7
+/- Capital expenditure, net	-9.7	-69.3
+/- Change in financial assets, net	-1.9	-4.3
Free cash flow before divestments / acquisitions	-25.1	-27.7
+/- Divestments / acquisitions	22.1	34.4
Free cash flow	-3.0	6.7

- Decline in cash flow due to negative result
- Reduction of net working capital
- Minimal capital expenditure
- Divestment of real estate company
- Free cash flow only slightly negative

HY1: Net Liquidity



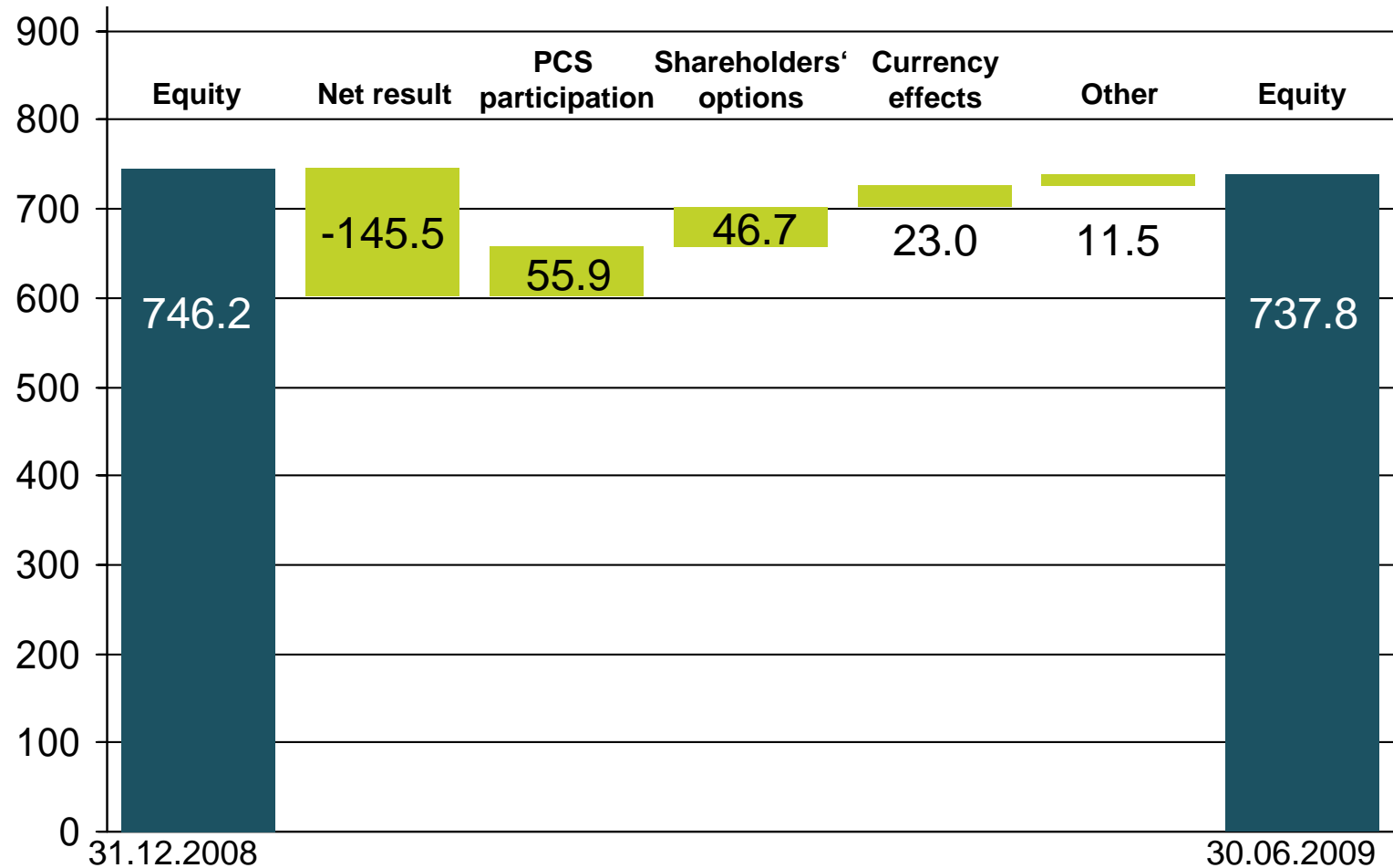
CHF million



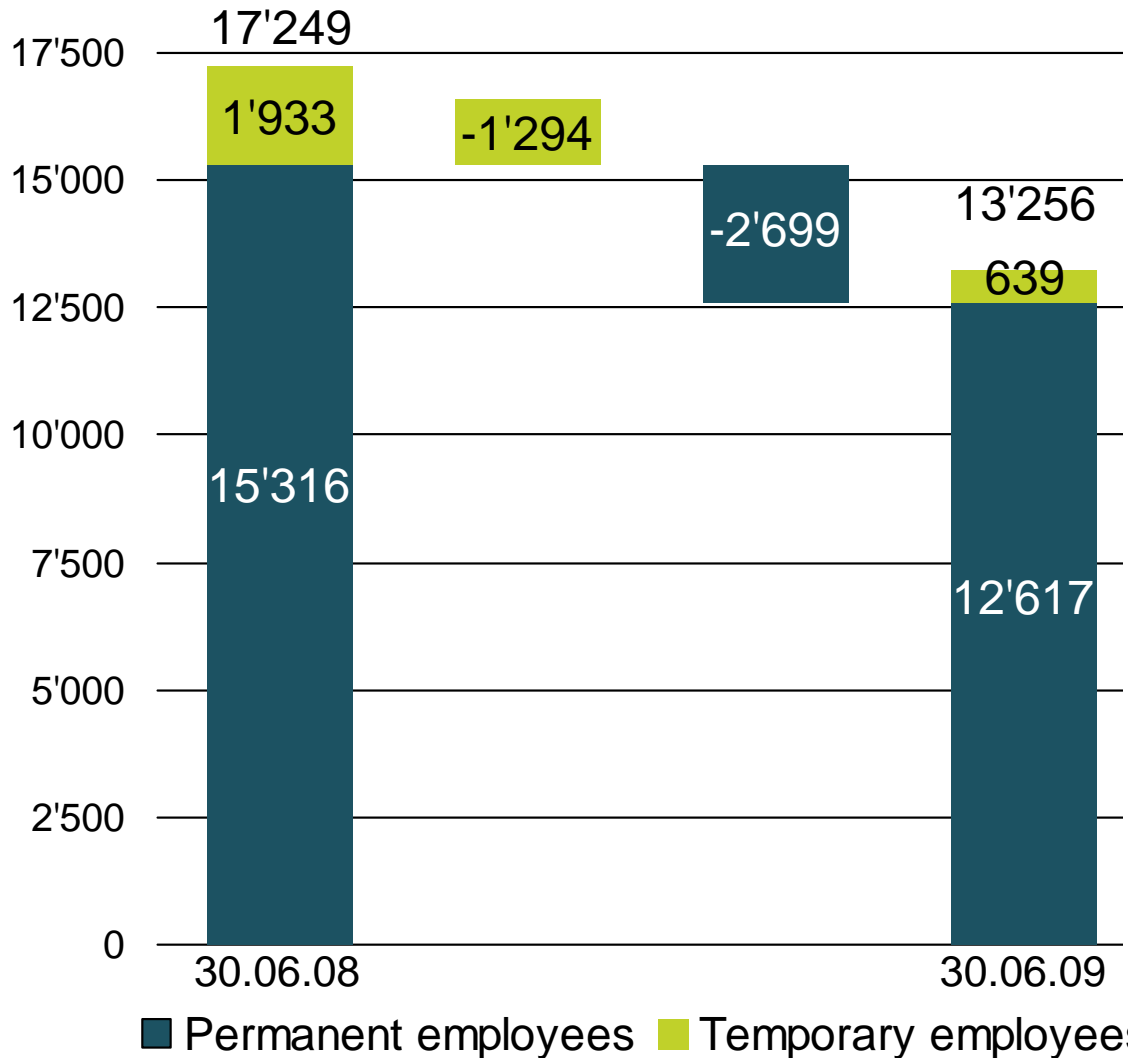
HY1: Shareholders' Equity



CHF million



HY1: Employees

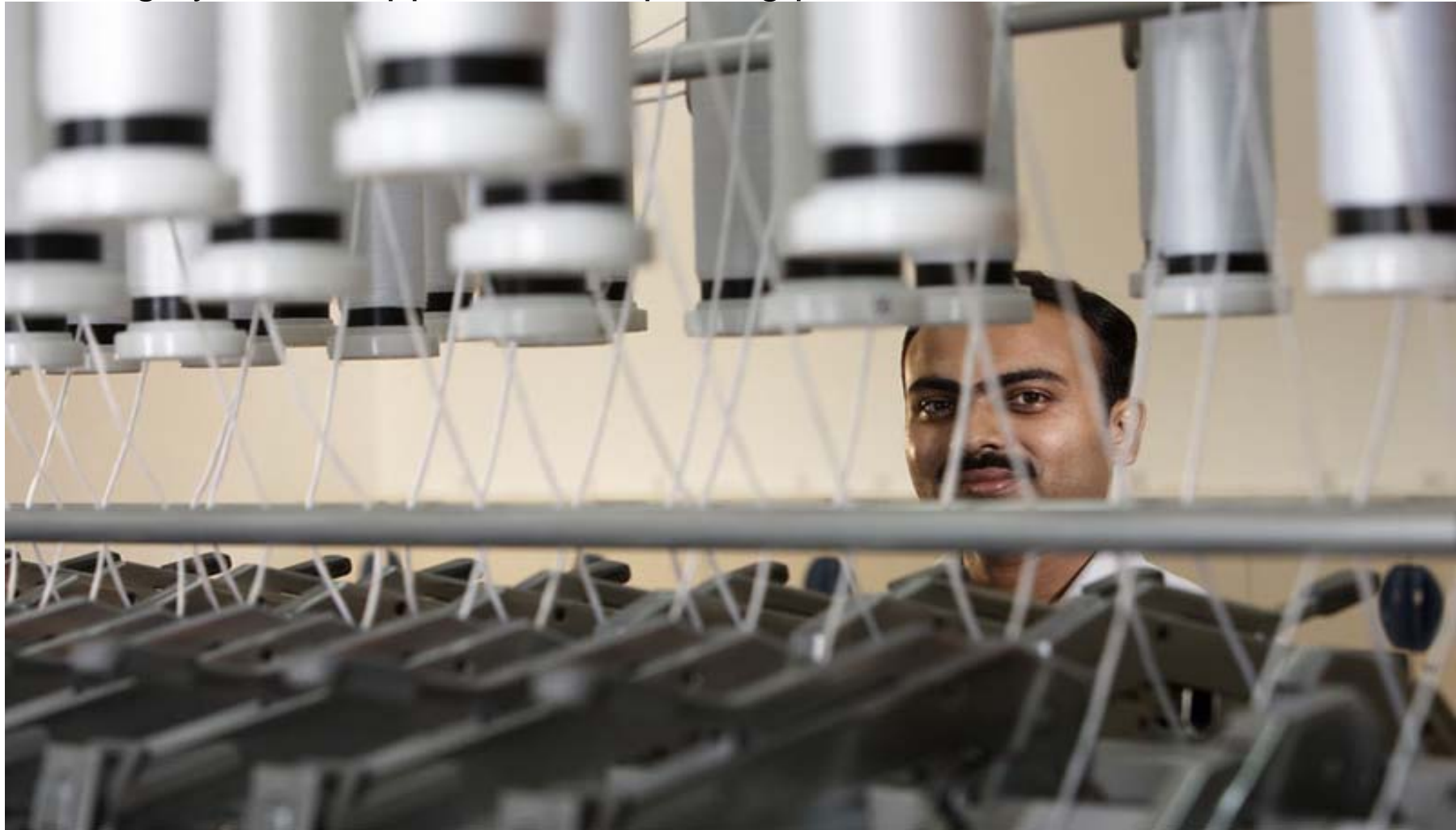


- On Group level 4'000 employees were reduced
- At the Textile division some 20% and at Automotive Systems some 16% of permanent jobs were reduced (compared with HY1 2008)
- In Europe some 3'000 employees worked short time in HY1 09 (average: 40%)
- Share of employees in low-cost countries: 39% (39% in previous year)

Textile Systems HY1 2009



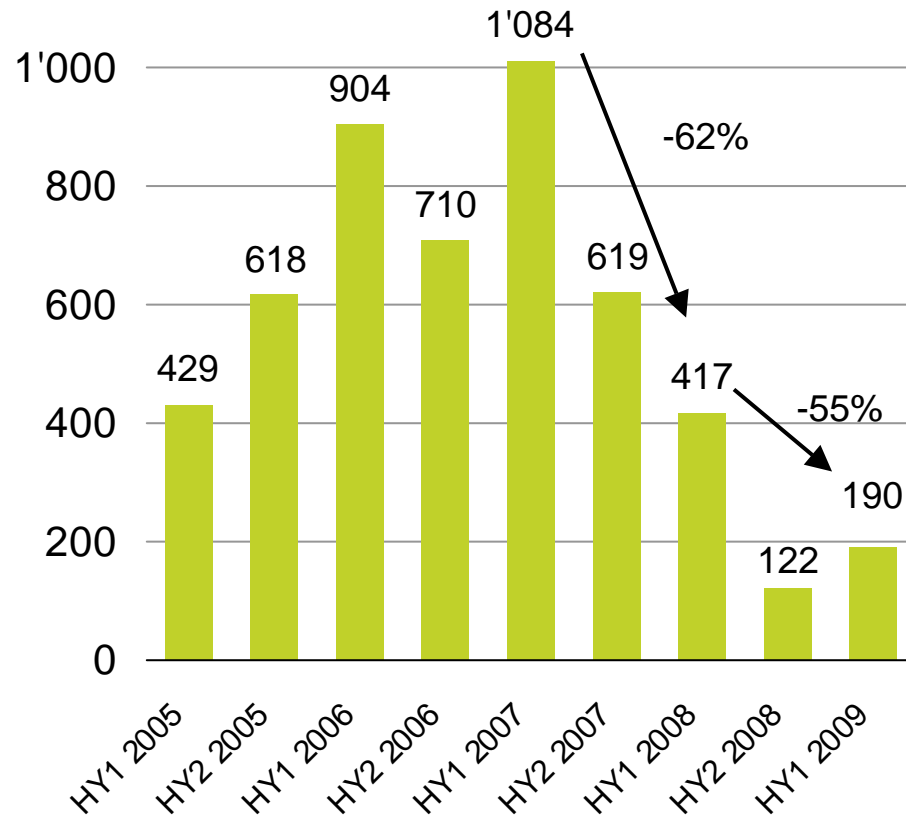
Leading systems supplier in the spinning process



Textile Systems HY1: Orders Received



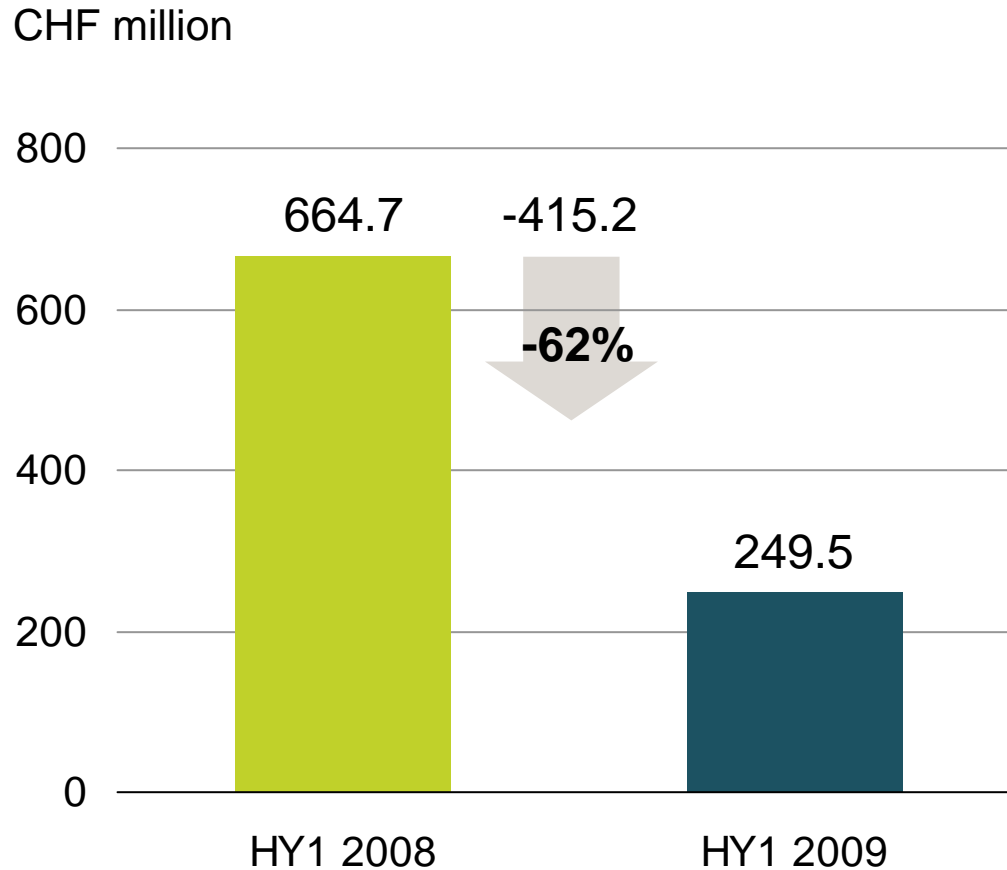
CHF million



2005-2006 adjusted for divestiture

- Orders were 55% lower than in HY1 08, but more than 50% above HY2 08
- Q2 was substantially stronger than Q1
- Most demand in mid-price segment
- Beginning recovery of spare parts business in Q2
- Textile Systems maintained its overall market share

Textile Systems HY1: Sales

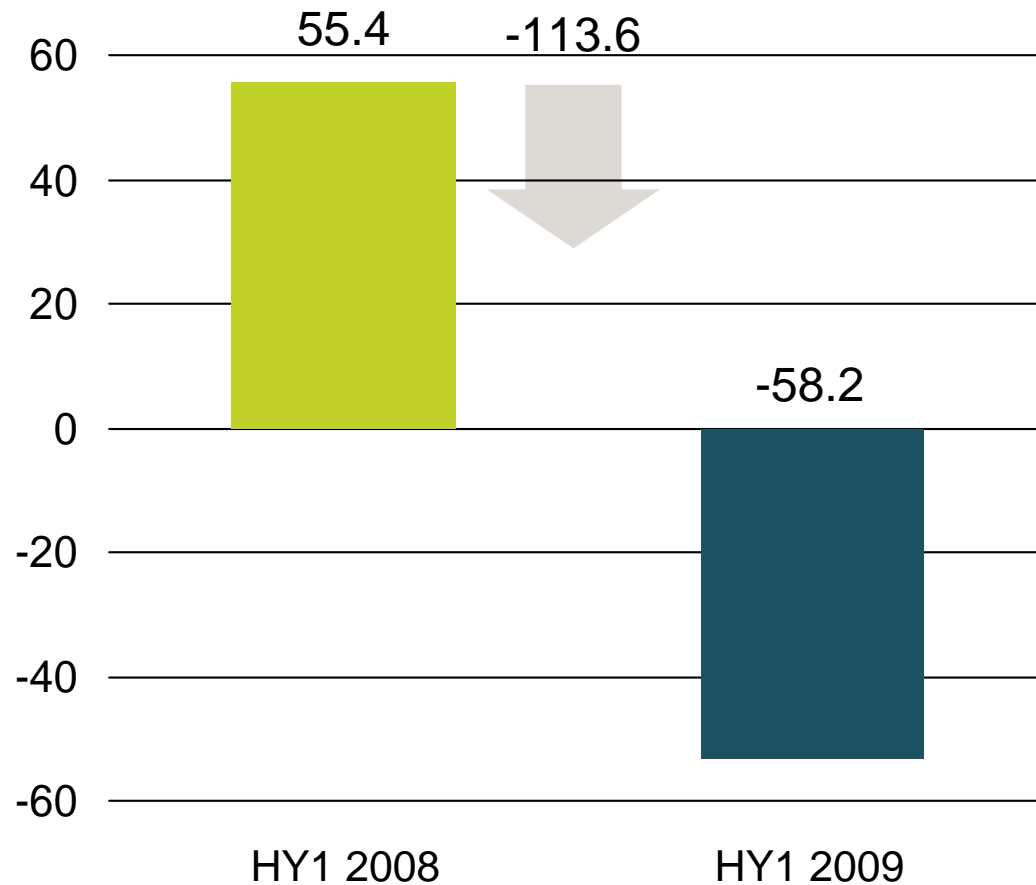


- Sales dropped in line with low order intake in the previous period by 62% or 415 million CHF
- Components business hit less by downturn than machine business
- Largest sales in China, India, Mexico and Brazil

Textile Systems HY1: Operating Result (EBIT)



CHF million



- Textile System EBIT declined by 113.6 million CHF
- Decline mainly due to massive drop in volume of 415.2 million CHF and less favorable product mix
- The drastic cost reduction measures (employee costs -39%, operating costs -46%) could not cope with fast volume drop

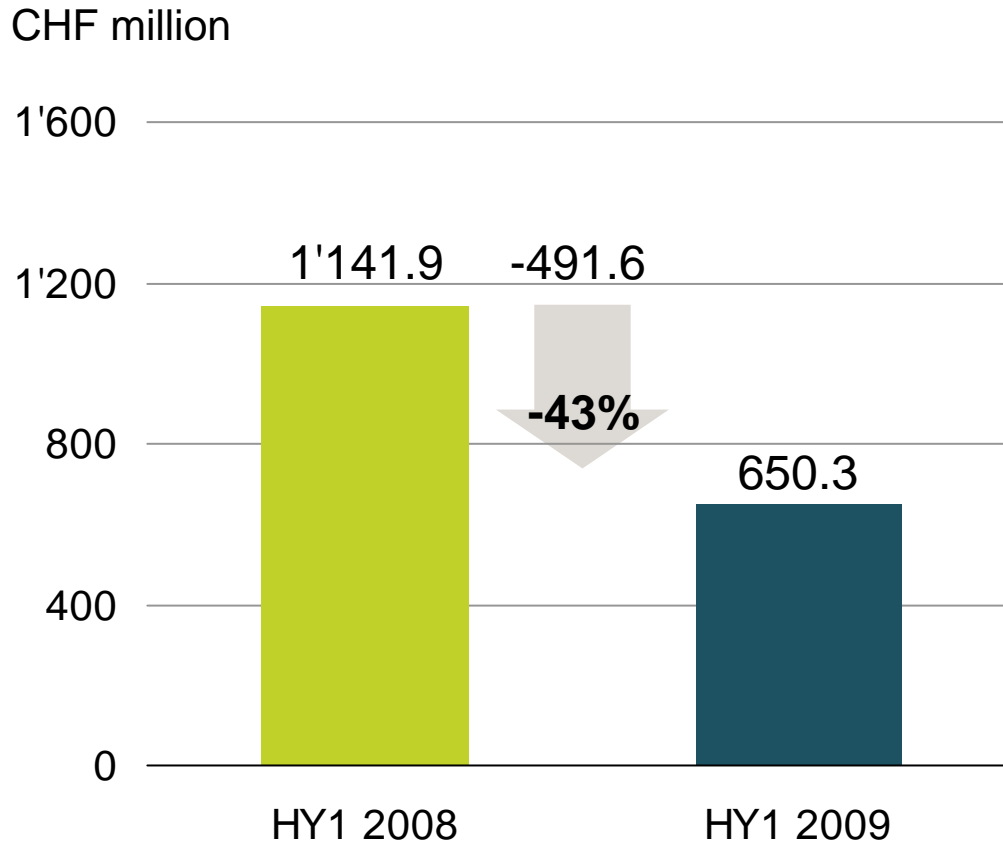
Automotive Systems HY1 2009



Leading supplier of integrated acoustics systems



Automotive Systems HY1: Sales

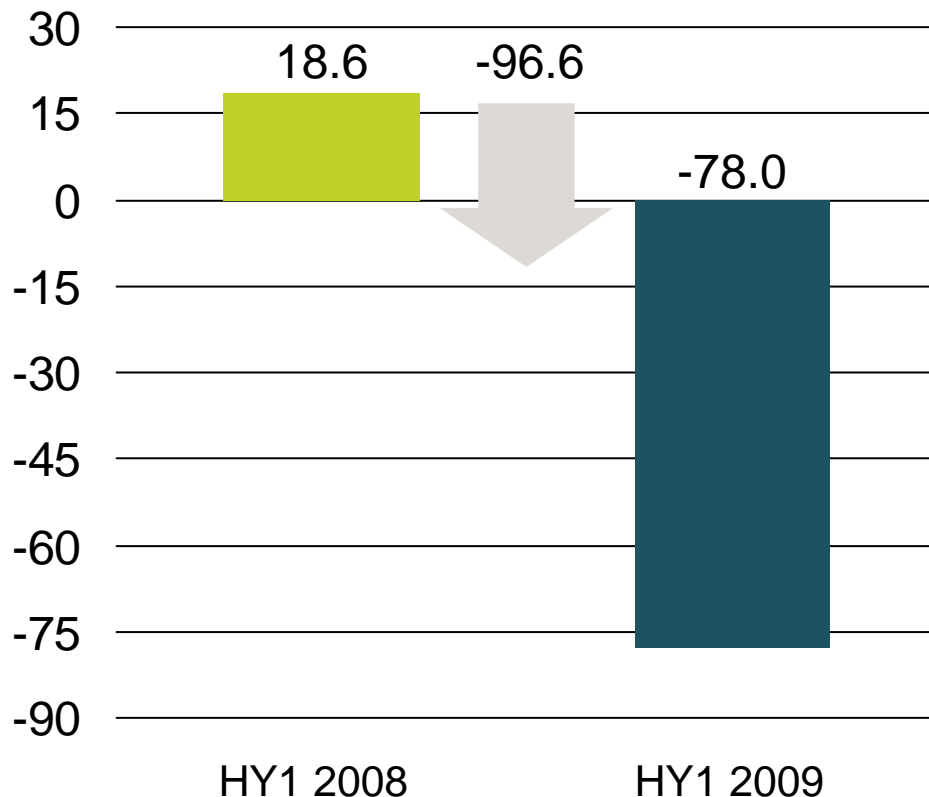


- Decline of car production in main markets between 30 and 50%, truck production in Europe declined by 70%
- Sales dropped in line with production volumes of customers by 40% in local currencies
- Light production increase in China only
- Sales in Q2 were almost 20% higher than in Q1
- Automotive Systems maintained its overall position in this difficult market environment

Automotive Systems HY1: Operating Result (EBIT)



CHF million



- Automotive's operating result was 96.6 million CHF below previous year
- Drop in EBIT mainly due to sharp and fast volume decline of some 490 million CHF
- Employee costs reduced by 28%, operating costs by 34%
- EBIT development needs to be seen against the backdrop of many insolvent competitors



Outlook 2009

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- . Erwin Stoller, Executive Chairman

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

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

Outlook (1)



Assessment of markets

- Outlook based on Rieter's estimation that Q2 market recovery not sustainable
- Automotive: scrapping money for old cars (cash for clunkers)
- Textile: recovery outside Asia uncertain
- Signs of recovery visible in Q2, above all in China

Outlook HY2 2009 and 2010/2011

- We assume that the markets for textile machinery manufacturers and automotive suppliers will not recover significantly in the second half of the year.
- Sales in HY2 are likely to be at approx. the same level as in HY1, due to seasonal factors.
- Losses will be reduced in HY2 due to restructuring and cost-cutting action taken, if HY2 sales are on HY1 level.
- Rieter is confident of achieving a turnaround in 2010 and reporting positive operating results in 2011.

Outlook (2): Measures for the way forward



Three directions of impact

- Lower break even point / minimize liquidity drain
- Accelerate product innovation
- Take advantage of opportunities to profit from the next market upswing

Outlook (3): Measures for the way forward



Lower break even point

- Push forward the restructuring program
- Additional plant closings (Automotive)
- Reduction of vertical manufacturing range (Textile)
- Lean organization (indirect labour and overhead)

Consequences

- Plans foresee a further reduction of 1500 jobs or 12% in the group's workforce by the end of 2010; negotiations with employee representatives have started
- Restructuring cost of some 240 million CHF will not be increased

Minimize liquidity drain

- Adapt net working capital to volumes
- Minimize capital expenditure

Outlook (4): Measures for the way forward



Accelerate product innovation

- Automotive: Rieter Ultra silent is rolled out for a variety of applications
- Textile: localized machines: ringspinning machine in India, OE machine and drawframe in China / Air-jet spinning is successfully introduced to further selected customers

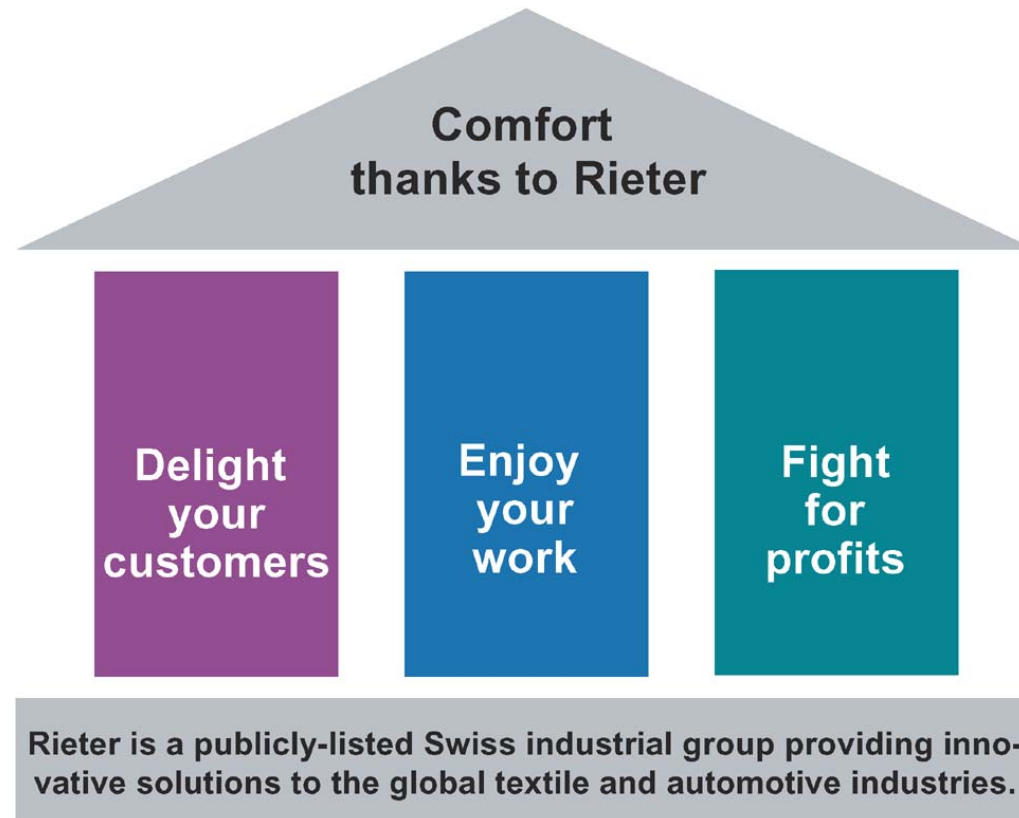
Take advantage of opportunities

- Automotive and Textile: take advantage of local presence in Asia as markets are recovering
- Automotive: take on business of insolvent competitors (condition: good prices, existing plants, low investments)

New organizational structure



- Chairman becomes Executive Chairman
- Reduction of hierarchy level, therefore no Group CEO
- Vice-Chairman becomes Lead Director
- Lead Director to safeguard the principles of good Corporate Governance
- The heads of the divisions and the head of the Corporate Center report directly to the Executive Chairman



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