


Welcome to our 2010 Financial Analysts' Conference

Erwin Stoller, Executive Chairman

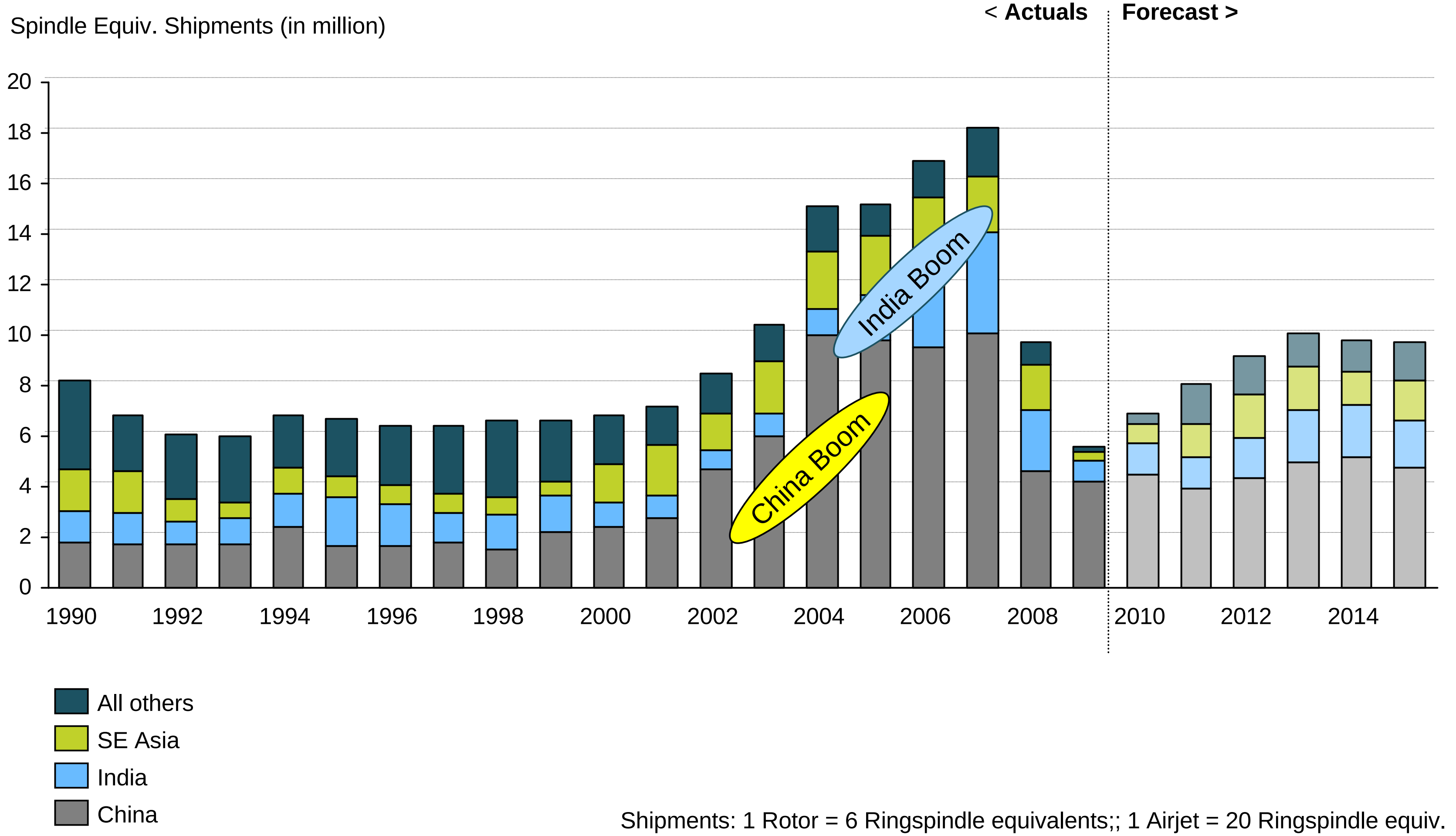
Agenda

• Introduction	Erwin Stoller, Executive Chairman
• Review of business year 2009	Urs Leinhäuser, Chief Financial Officer
• Outlook	Erwin Stoller, Executive Chairman

Massive sales decline led to operating losses

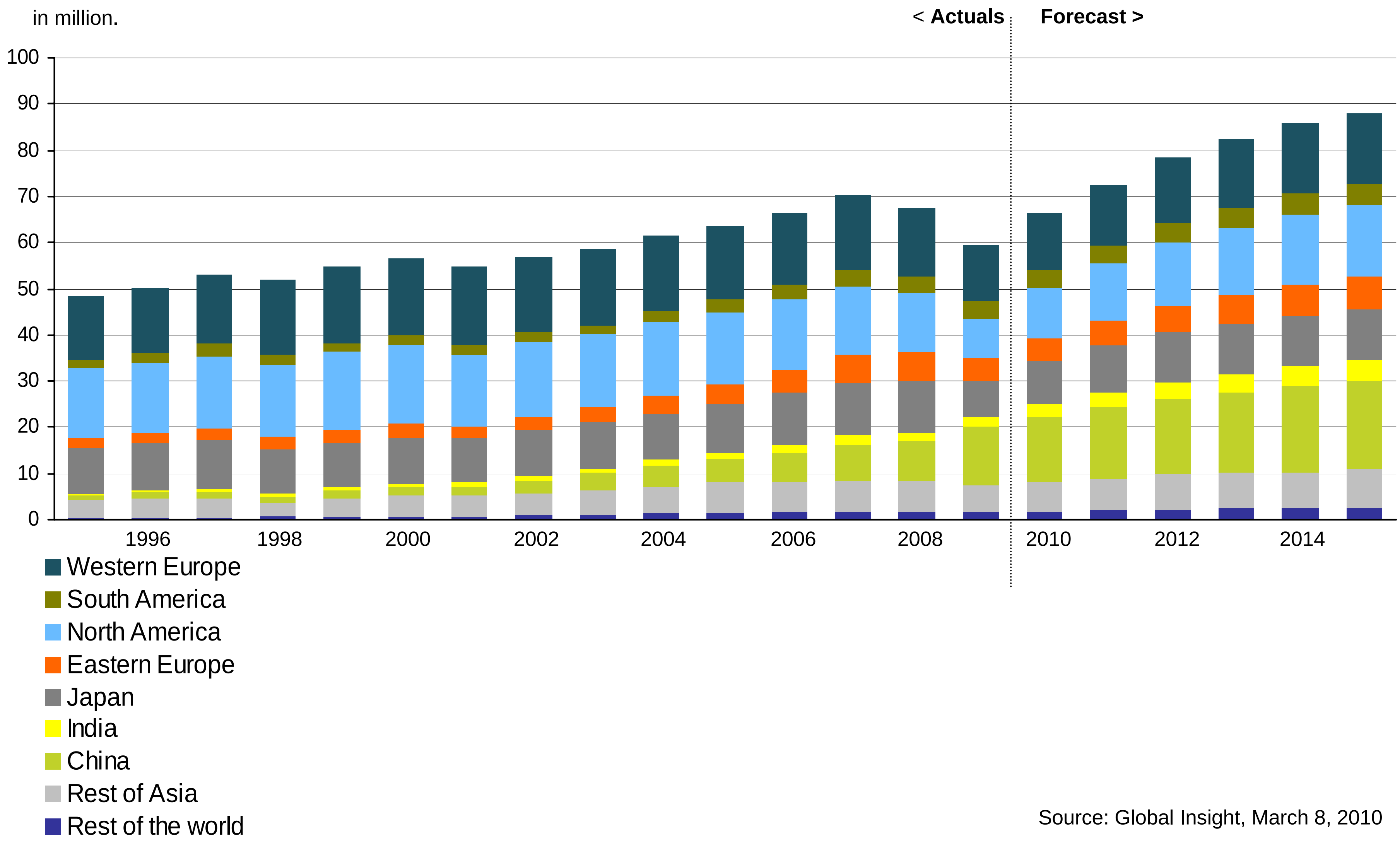
- Difficult market conditions for both divisions
- Sales 38% lower than prior year and 50% lower than 2007
- Operating losses despite drastic adjustments

Textile industry: market slump in spinning machinery



Shipments: 1 Rotor = 6 Ringspindle equivalents;; 1 Airjet = 20 Ringspindle equiv.
Source: Gherzi / DT Marketing

Automotive industry: global car production (light vehicles)



Source: Global Insight, March 8, 2010

What have we achieved in 2009?

- Measures implemented to financially stabilize the group
- Breakeven point lowered and capacities reduced
- Product innovation spurred

Severe test passed successfully in 2009

- Corporate financing safeguarded, losses halved in HY2
- In spite of massive redundancies no key people lost
- In both divisions Rieter has fully benefited from market recovery since mid 2009

“Severe test successfully faced thanks to the strenuous efforts and commitment of all Rieter people and the confidence of Rieter shareholders”

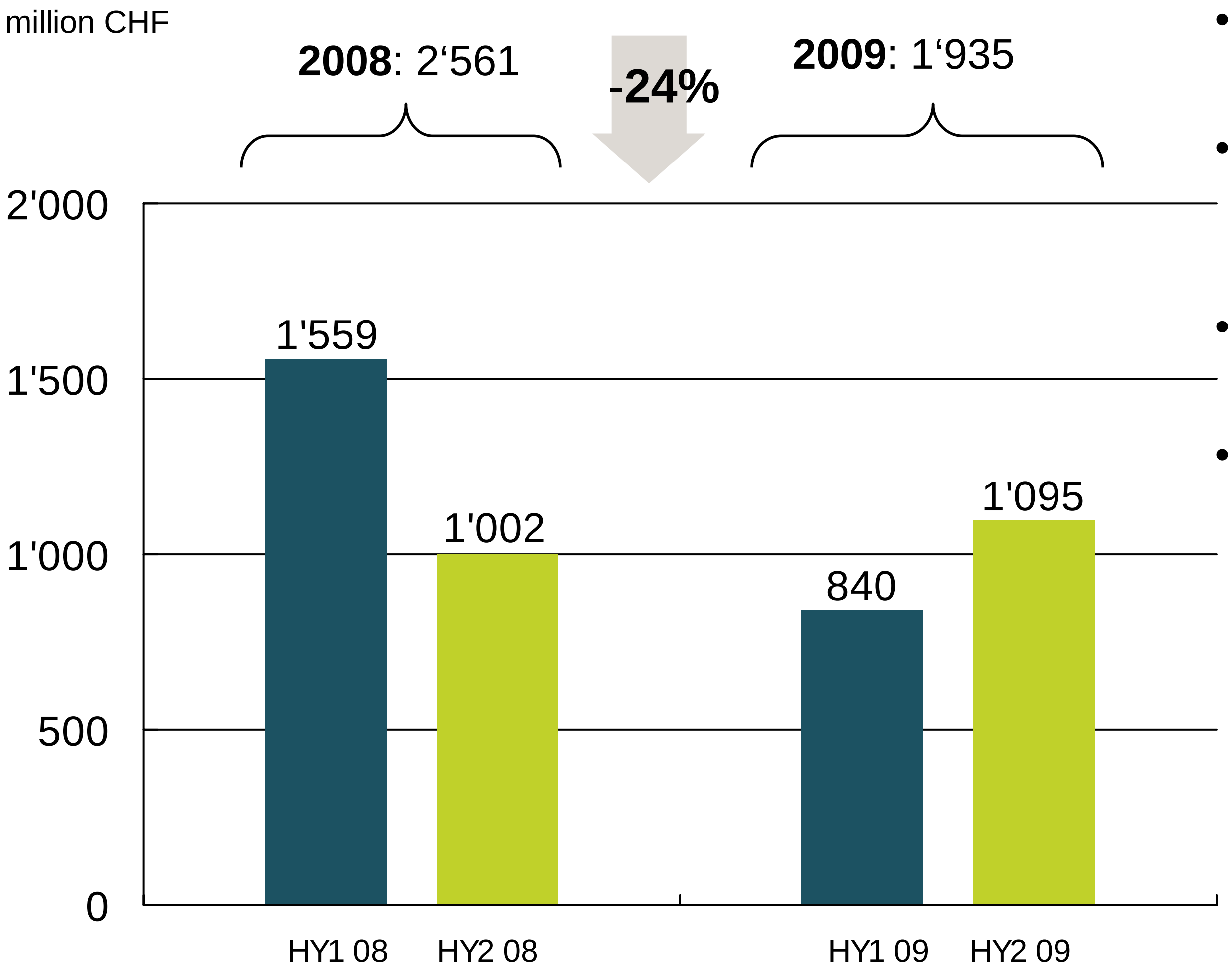
Review of the business year 2009

Urs Leinhäuser, Chief Financial Officer

Financial key figures 2009

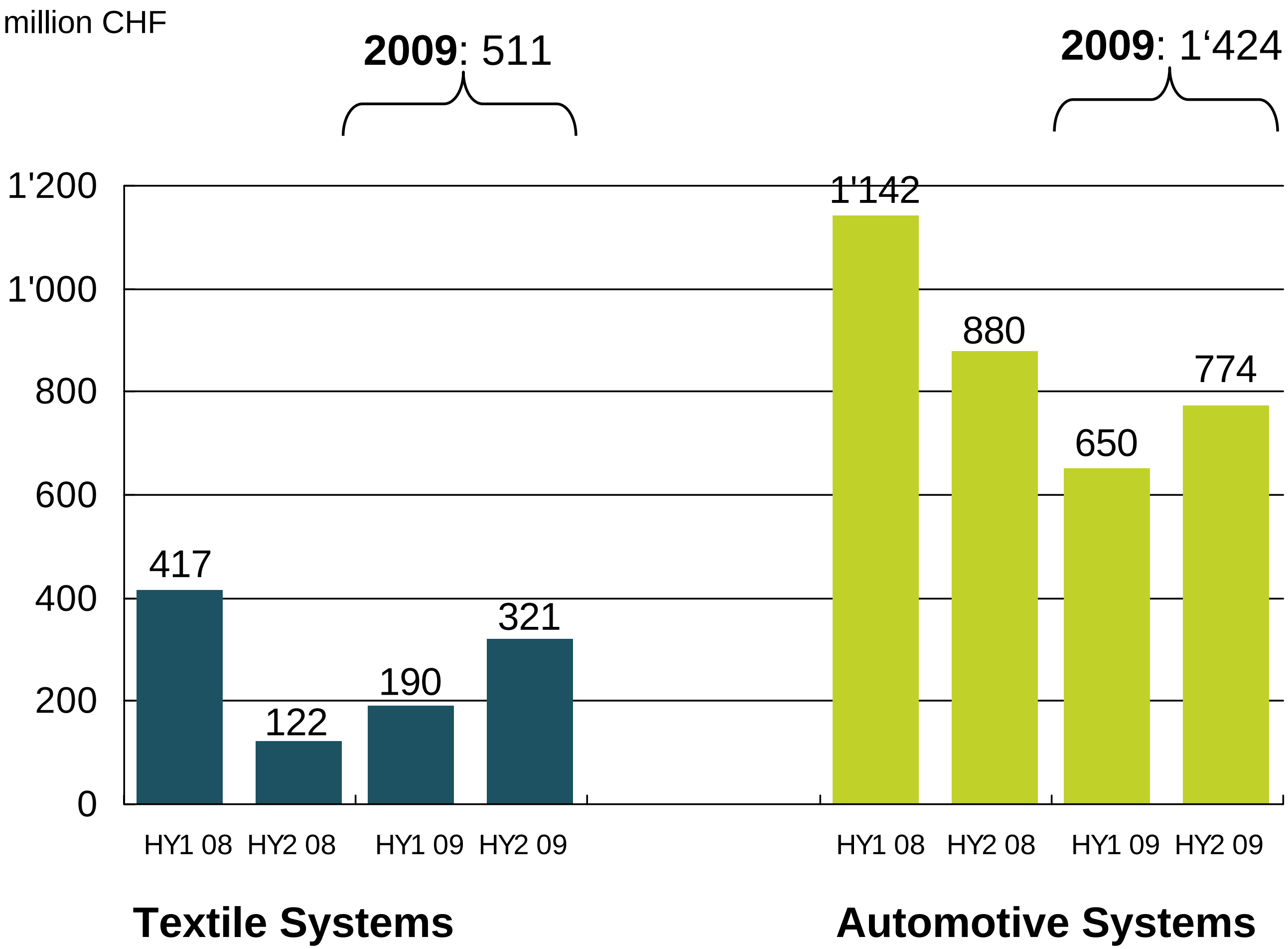
• Sales 2007-2009	-50%
• Operating result	-187 million CHF (prior year -312 million CHF)
• Net result	-218 million CHF (prior year -397 million CHF)
• Equity ratio	36.1% (prior year 35.7%)
• Net liquidity	+10 million CHF (prior year -37 million CHF)
• Restructuring 2008 - 2009	-2361 employees (FTE)
• Change HY2 09 vs. HY1 09	
• Orders received	+30%
• Sales	+17%
• Operating result (EBIT)	+87 million CHF

Orders received per half-year



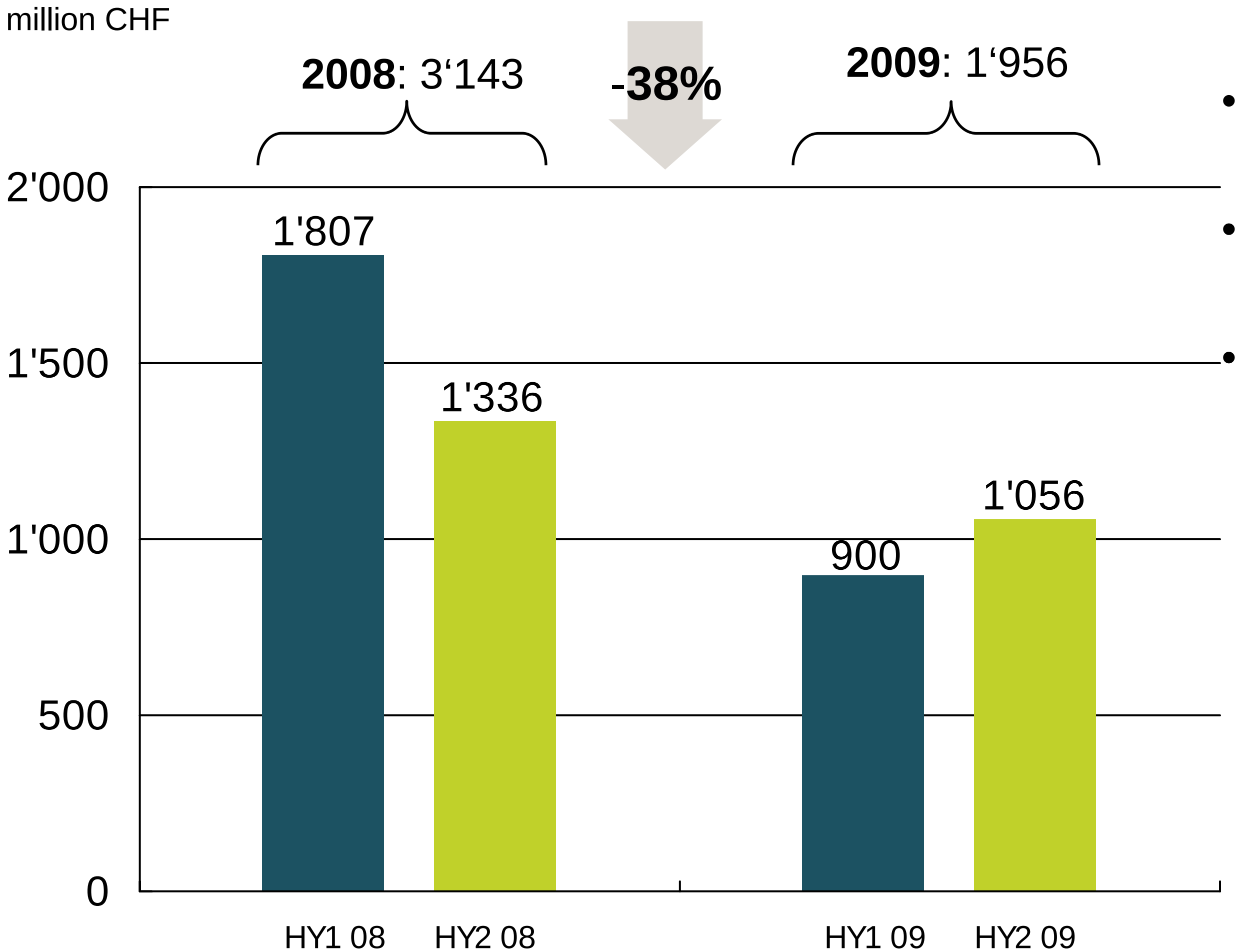
- Overall sales decline 626 million CHF or 24% in 2009
- Orders received in HY2 09 9% higher than in HY2 08 and 30% higher than in HY1 09
- Significantly more orders received in both divisions
- Orders received vs. sales (book-to-bill ratio) >1 as of HY2 2009

Orders received per half-year by division



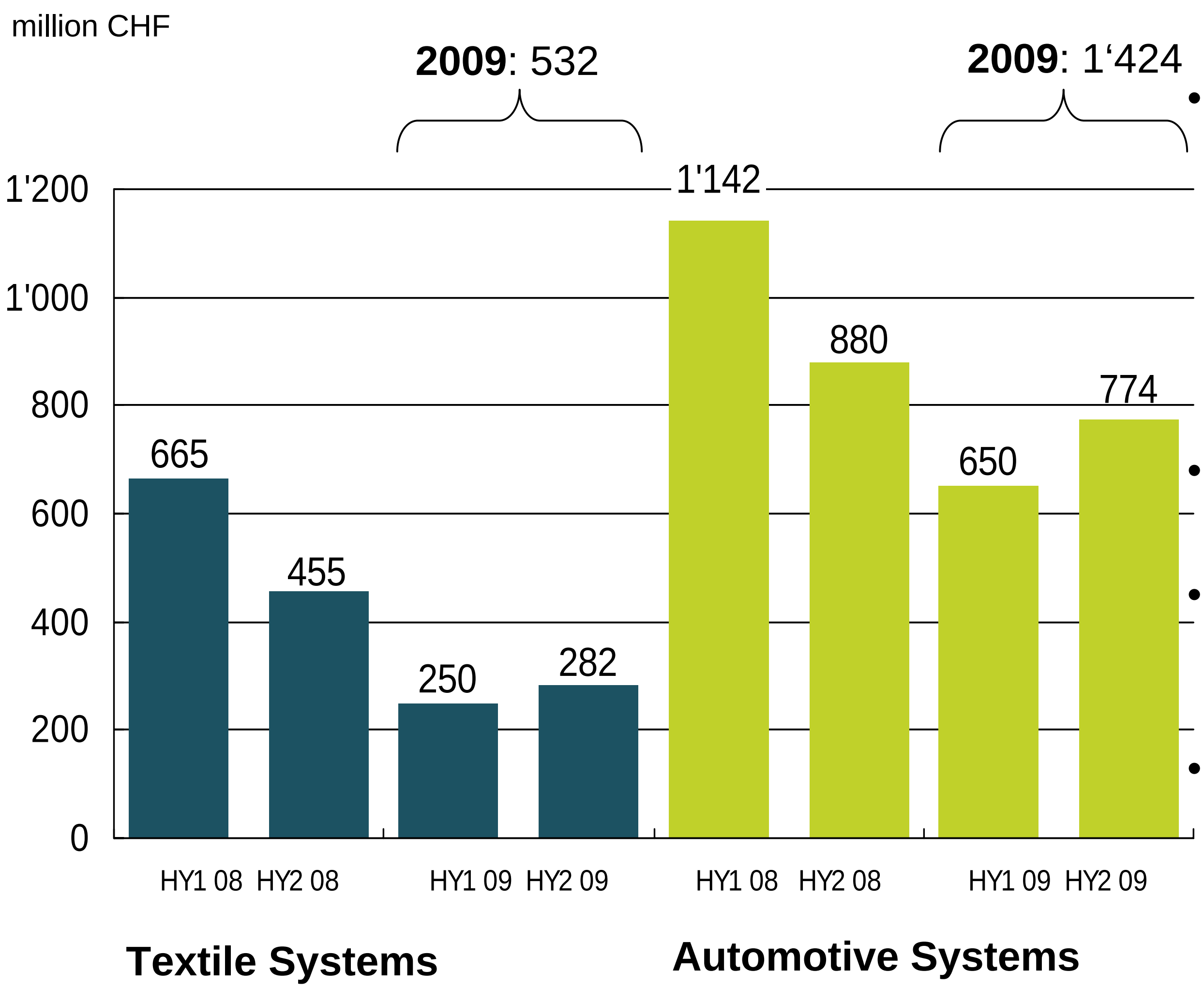
- Positive trend with Textile Systems since Q2 09, and with Automotive Systems since Q3 09
- Textile Systems orders 69% higher in HY2 than in HY1 09
- Also for Automotive Systems, better market conditions in HY2; for Automotive Orders received = sales

Sales per half-year



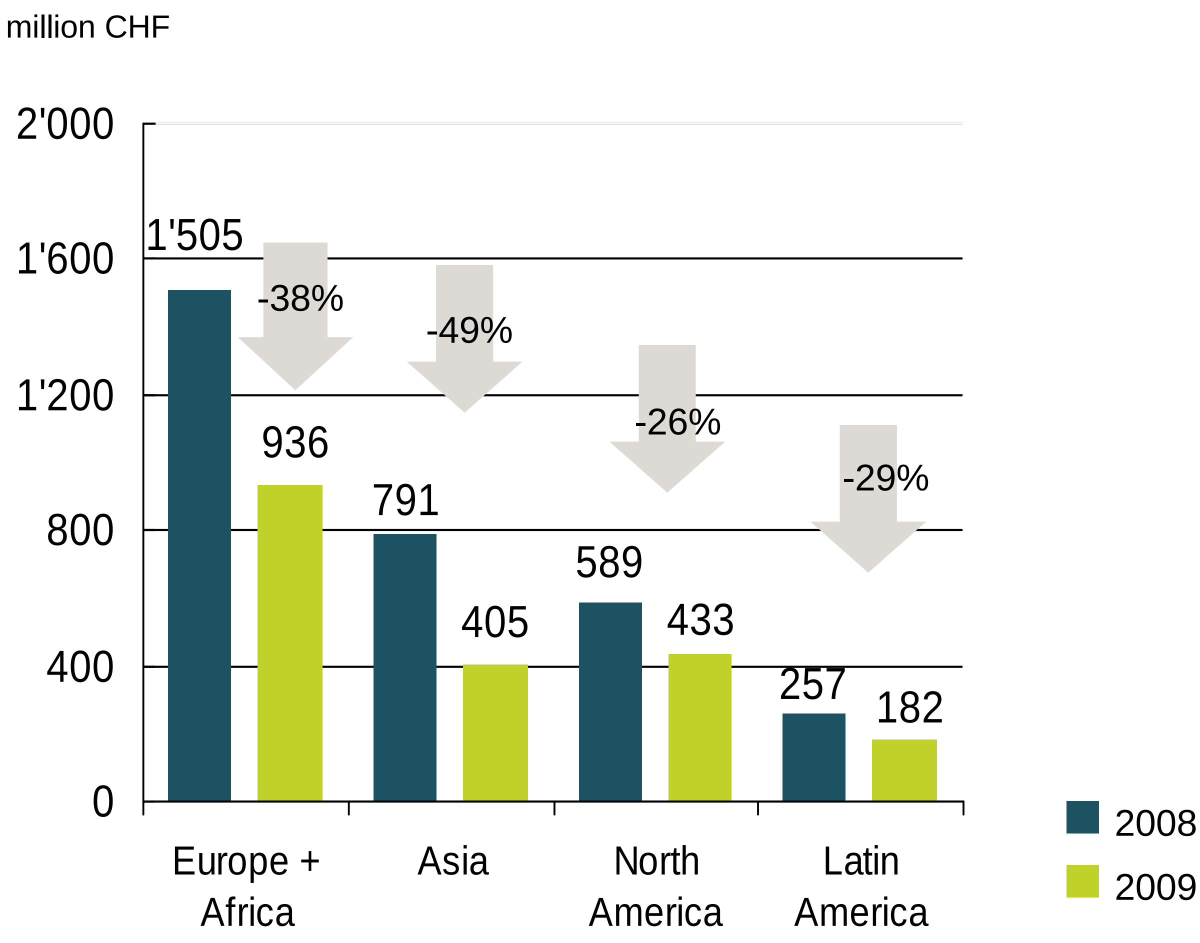
- Marked sales decline in 2009 of 1187 million CHF or 38%
- Downturn bottomed out in HY1 2009
- Sales in HY2 09 17% higher than in HY1 09

Sales per half-year by division



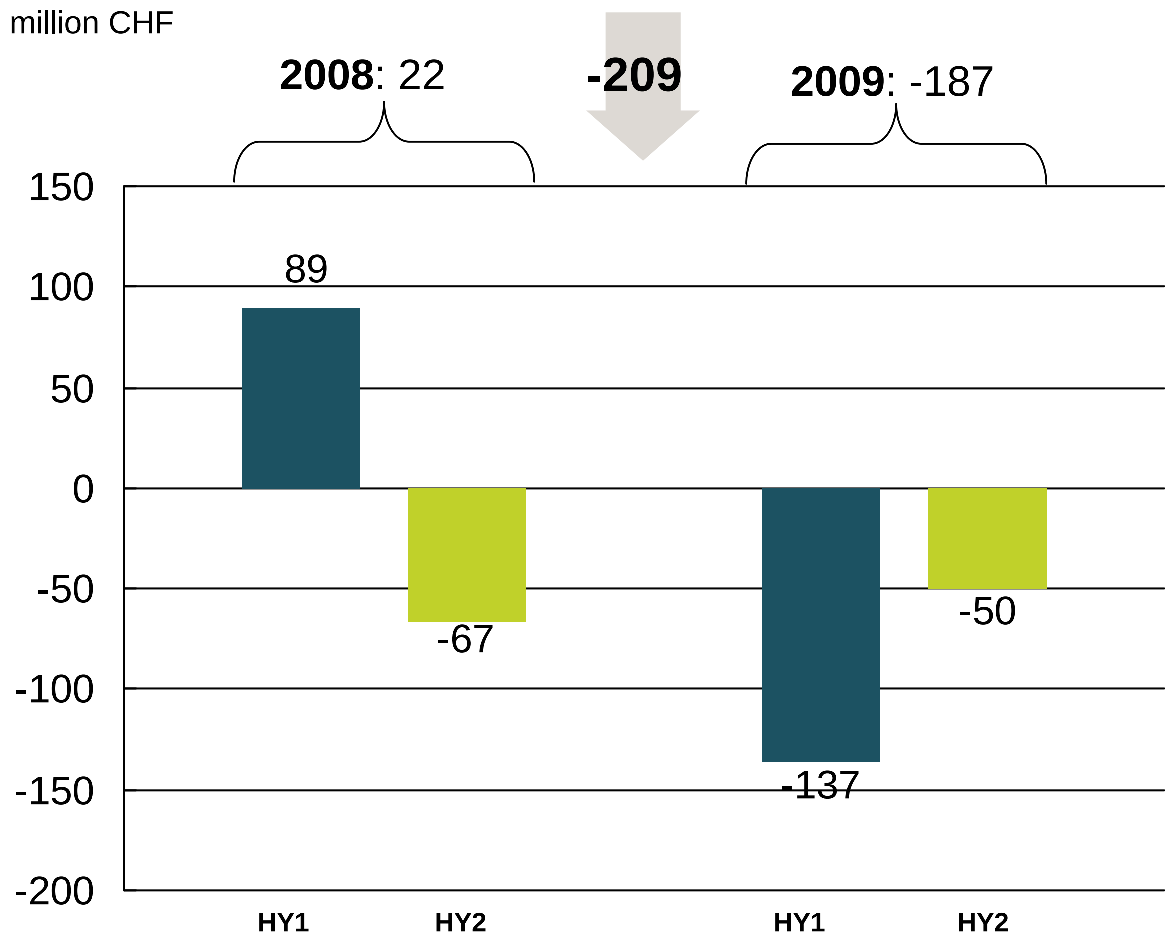
- Textile Systems sales 27% (prior year 36%) of Group sales, Automotive Systems 73% (prior year 64%); Textile Systems more seriously affected by recession
- In both divisions downturn bottomed out in HY1
- Textile Systems sales in HY2 13% higher than in HY1
- Automotive Systems sales in HY2 19% higher than in HY1

Sales development by region



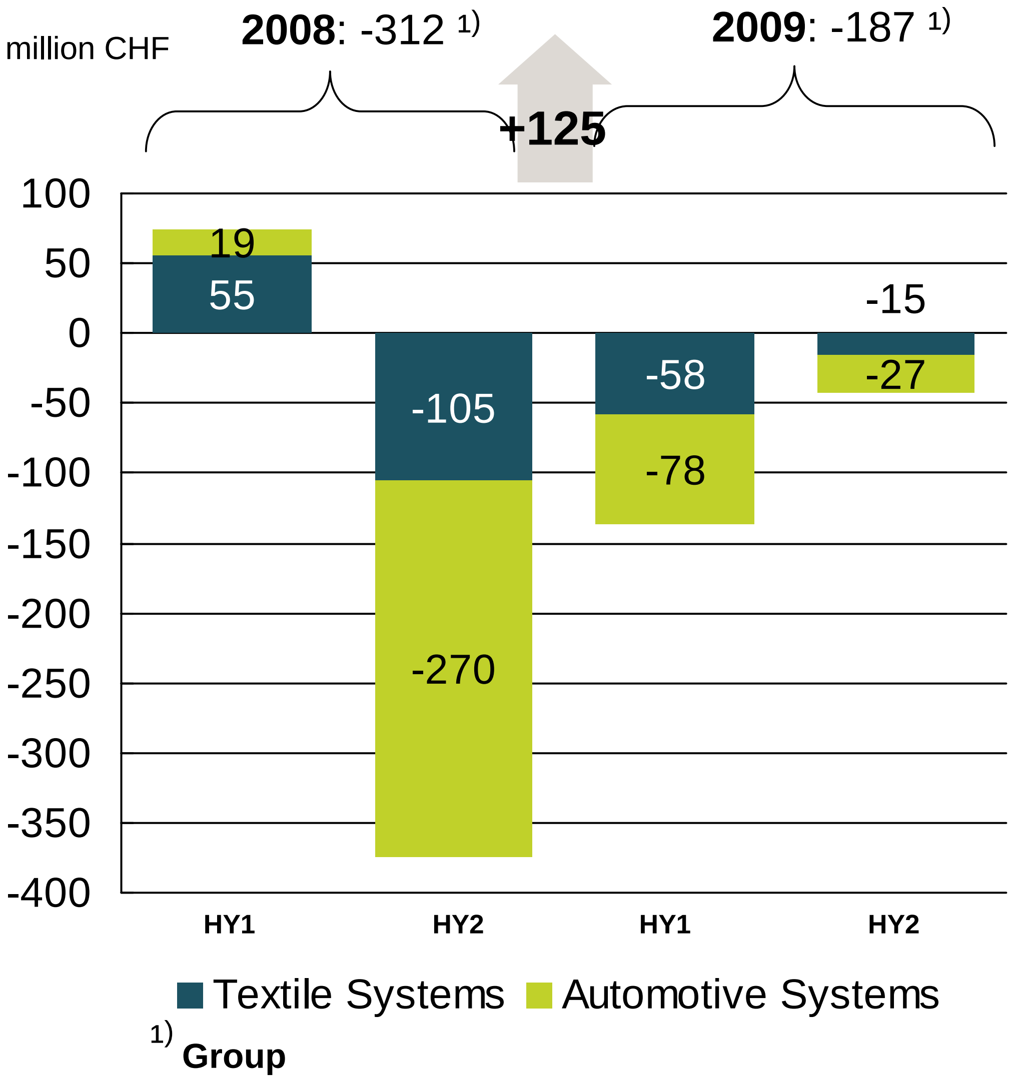
- Strong global presence maintained
- All regions affected by the global recession
- Steepest decline in Asia due to weak demand for textile machinery

Operating result before special charges, per half-year



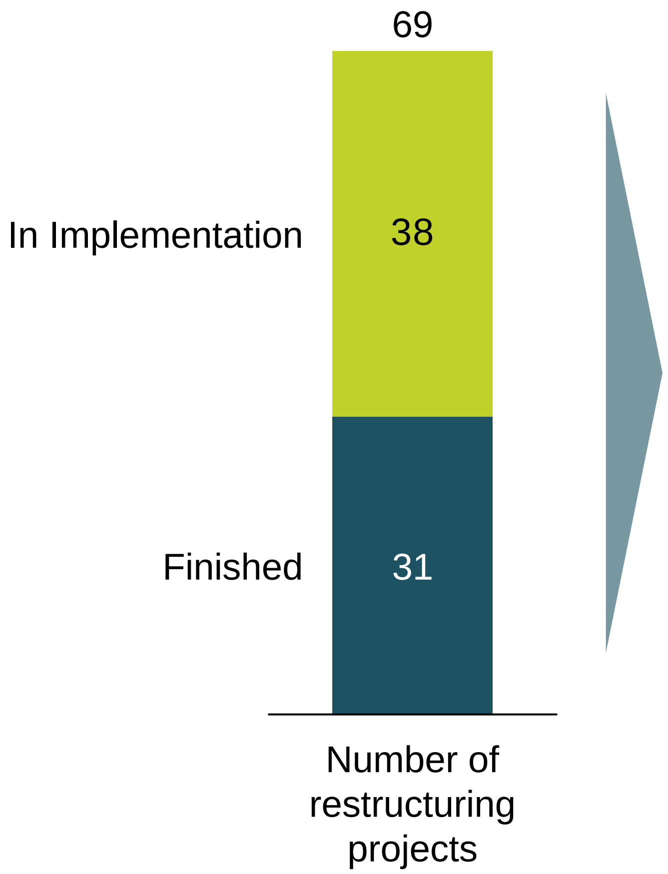
- 2009: first negative Group operating result (before special charges) since a very long time
- Above all HY1 was still seriously affected by adverse market conditions
- Operating loss in HY2 less than half of HY1 loss thanks to improvements in both divisions
- Restructuring and cost reductions brought first results in HY2
- Breakeven point further lowered
- Operating result in HY2 also affected positively by volumes

Operating result (EBIT) by division per half-year



- EBIT better than in prior year due to absence of special charges
- Special charges in 2008: mainly for restructuring and goodwill impairment
  - Textile: 91 million CHF
  - Automotive: 244 million CHF
- Special charges in 2009: none
- EBIT in HY2 still negative, but significantly improved

Restructuring: Progress of program



- Adjustment of plant structures in North America and Western Europe – Five plant closures and down-sizing of several plants achieved, further ones in implementation
- Simplification of the organization and reduction of overhead costs – Re-organization at group level and in both divisions implemented, further progress in cost reduction
- Leaner legal structure – Number of legal units reduced by 10%
- Majority of projects will be finished in 2010 and bring full savings impact in 2011

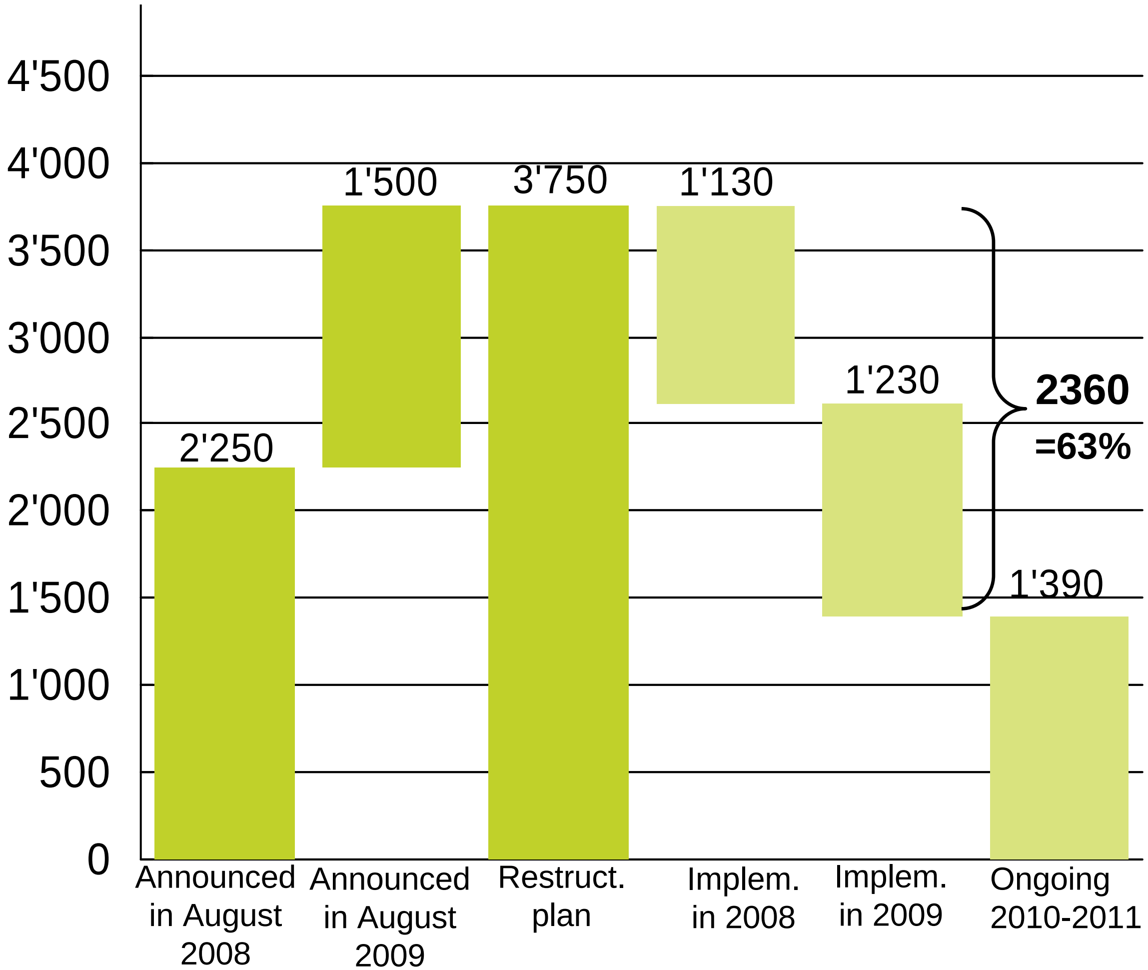
Restructuring: utilization of provisions

million CHF	**2009**	2008
Provisions per December 31 of prior year	**183.6**	4.4
Reclassification	**-9.8**	-
Utilization	**-41.4**	-33.2
Additions, net	**-**	215.8
Currency effects	**0.1**	-3.4
Provisions per December 31	**132.5**	183.6

- Restructuring provisions for personnel reductions, plant closures and downsizing
- Utilization according to plan
- Provisions utilized were practically compensated by the resultant cost reductions
- The remaining provisions of 133 million CHF are adequate for the restructuring needs still outstanding
- All remaining restructuring projects are in course of implementation

Restructuring: personnel reductions

Full time equivalent (FTE) reductions including temporary staff



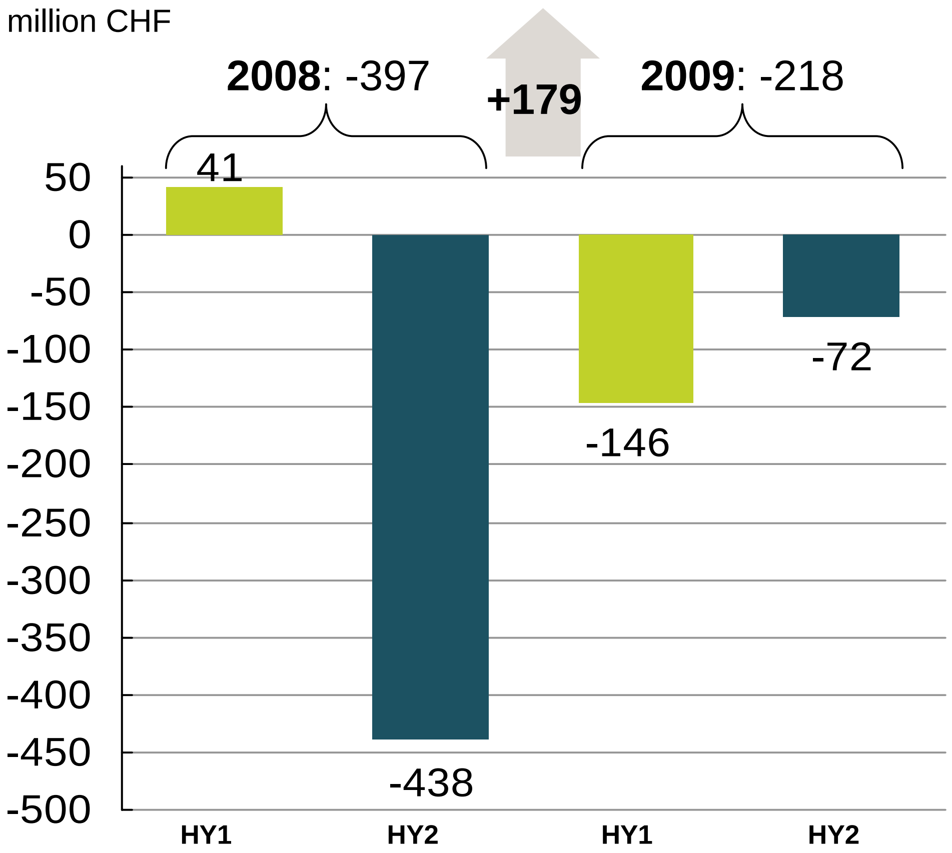
- In two stages a total of 3750 job reductions was announced
- 63% of these took place in 2009
- The remaining reductions will take place mainly in 2010, continuing into 2011.
- The restructuring plan will be implemented as announced
- This restructuring plan helps to improve our footprint and to lower the breakeven point

Net result

million CHF	**2009**	2008
Operating result before special charges	**-186.6**	22.4
Special charges	**0**	-334.5
Operating result before interest and taxes (EBIT)	**-186.6**	-312.1
Financial result	**-24.9**	-64.7
Net result before taxes	**-211.5**	-376.8
Taxes	**-6.0**	-19.9
Net result	**-217.5**	-396.7

- Net result 2009 very negative, but 179 million CHF better than prior year
- Improvement attributable to the absence of special charges, a better financial result and lower taxes
- Better financial result due to no more losses on sale of securities

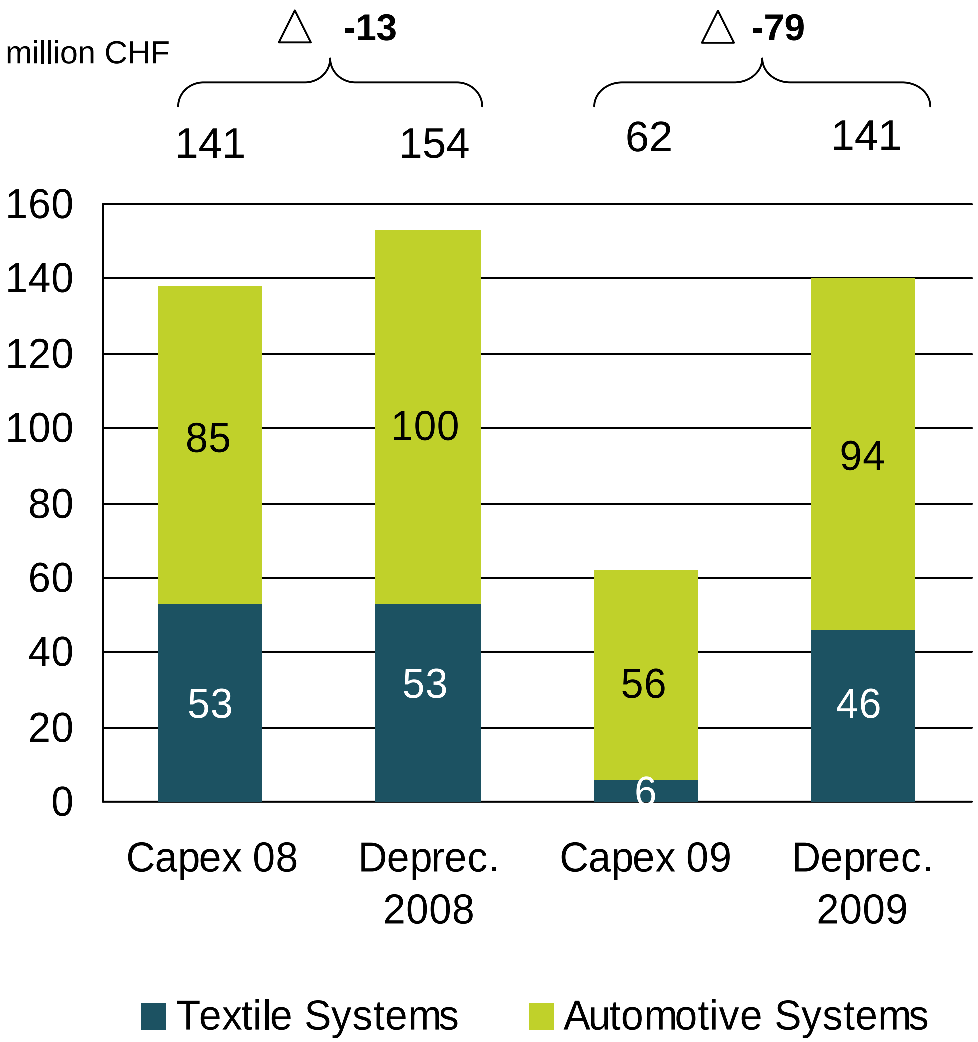
Net result per half-year



- After 2008, net result for 2009 again very negative
- Net result 179 million CHF better than in prior year, mainly due to better financial result and absence of special charges
- Net losses in HY1 halved in HY2, mainly due to lower operating losses

Capital expenditures and depreciation by division per half-year

RIETER



- 79 million CHF (56 %) less capex than in 2008
- Capex in by both divisions were scrutinized and prioritized for only the most important projects
- Strong position of the divisions not affected by reductions
- Excess depreciation totaled 79 million CHF in 2009, i.e. only 44% of depreciations reinvested
- Capex volumes cannot be held at this low level

Net working capital

million CHF	**31.12.09**	31.12.08
Inventories	**266.0**	361.3
Trade receivables	**331.5**	382.1
Other receivables	**99.4**	125.9
Trade payables	**-226.8**	-268.5
Advance payments by customers	**-63.3**	-74.3
Other current liabilities	**-387.3**	-382.7
Net working capital	**19.5**	143.8

- Massive reduction of net working capital by 124 million CHF
- Reduction of inventories by 95 million CHF despite security stocks for plant closures
- Customer pressure on payment conditions almost completely passed on to suppliers
- Advance payments by customers still successful with Textile Systems

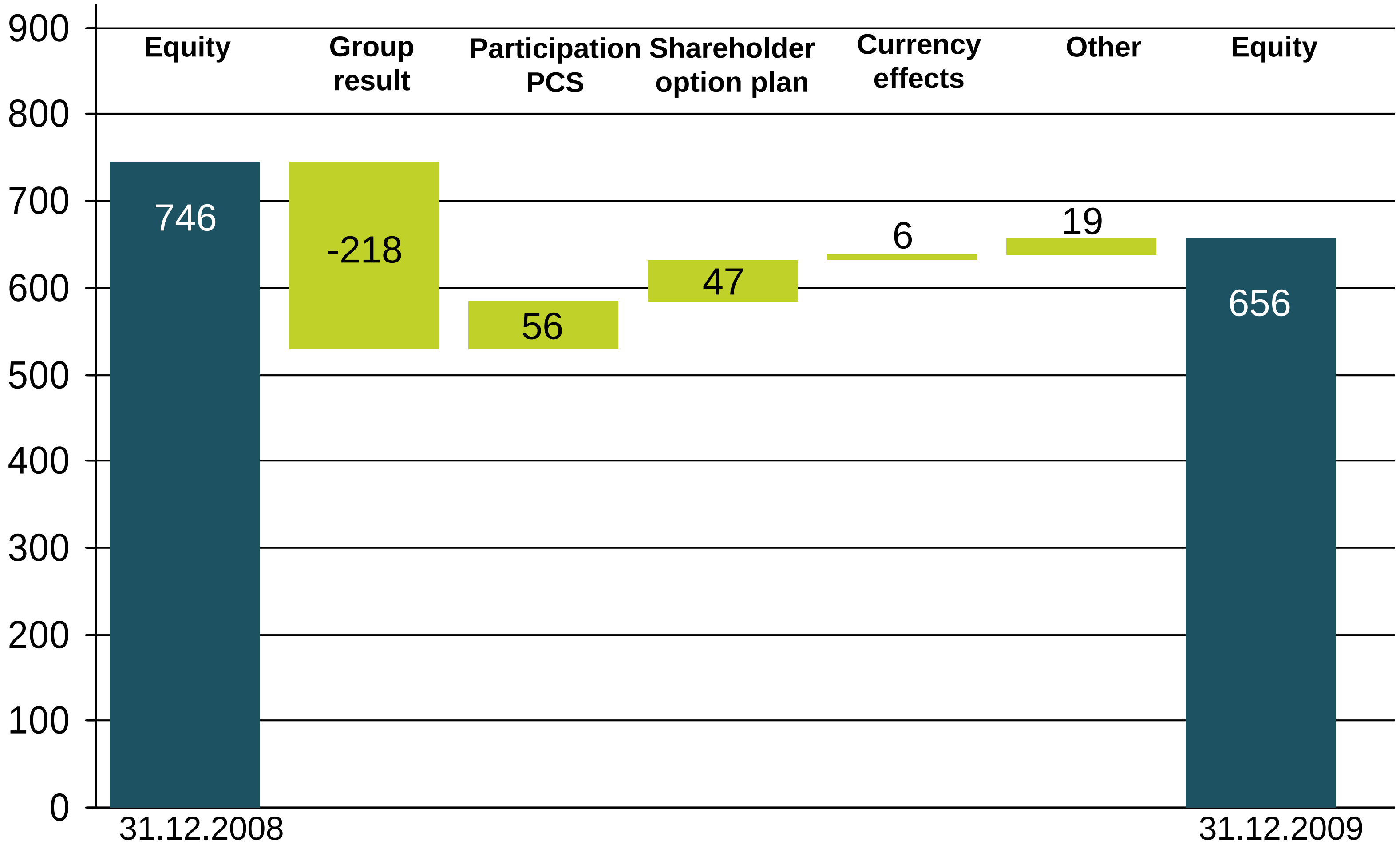
Balance sheet

million CHF	**2009**	2008
Total assets	**1'814.1**	2'088.9
Non-current assets	**886.5**	929.3
(Goodwill	***0.0***	*0.0)*
Net working capital	**19.5**	143.8
Cash and cash equivalents	**217.7**	282.6
Marketable securities	**13.0**	7.7
Financial debt	**222.4**	327.1
Shareholders' equity	**655.8**	746.2
In % of total assets	**36.1**	35.7

- Financial basis still sound
- Equity ratio slightly improved thanks to assets reduction
- Shareholder option plan and sale of treasury shares to PCS Holding strengthened balance sheet by 103 million CHF
- Goodwill already written off in 2008; no new goodwill in 2009
- Drastic reduction of net working capital
- High amount of cash and cash equivalents again per year-end
- Lower financial debt, but committed credit lines

Equity

million CHF



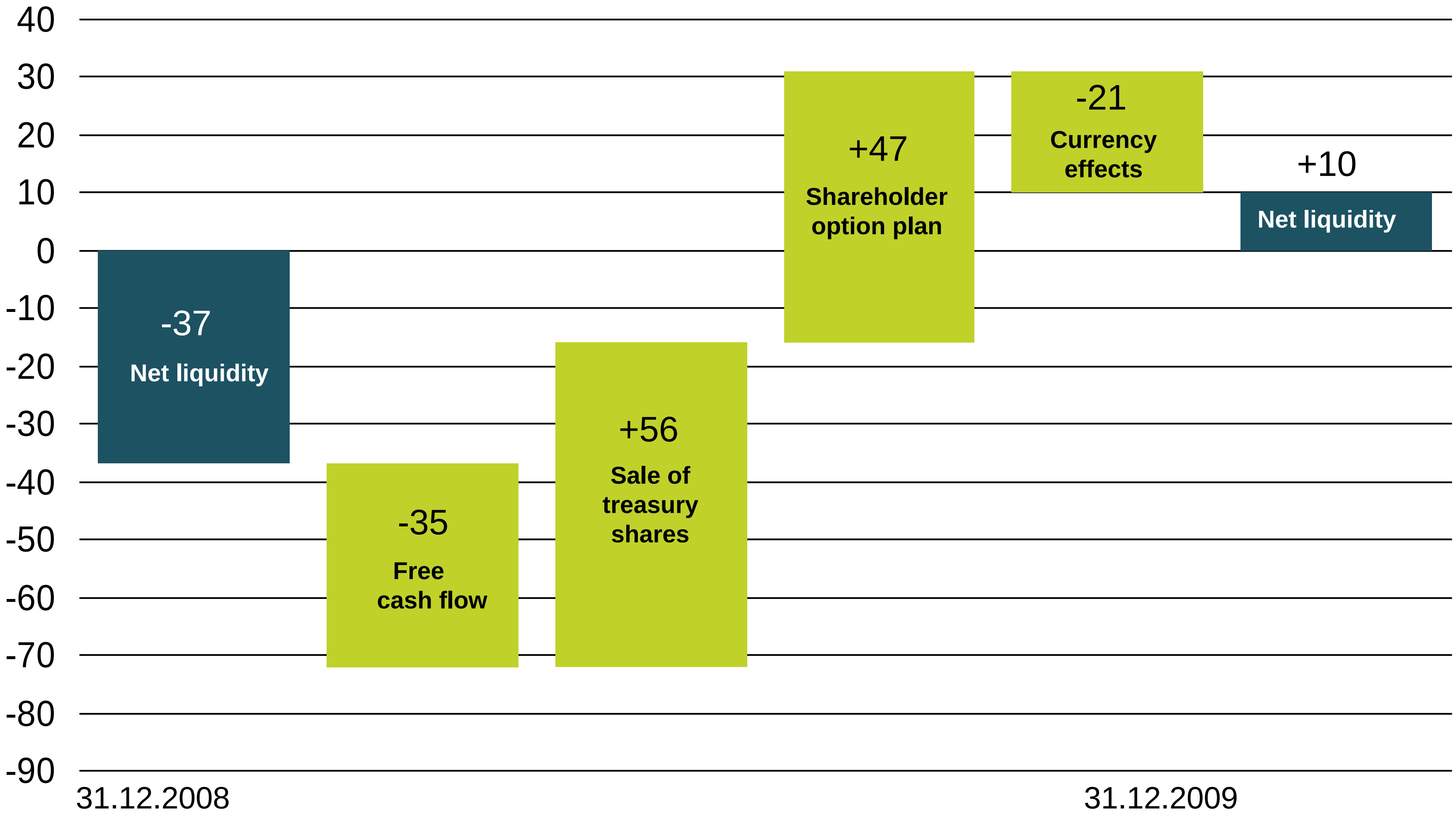
Free cash flow

million CHF	**2009**	2008
Net result	**-217.5**	-396.7
Cash flow	**-93.0**	-102.4
Net cash flow	**-143.3**	-69.9
+/- Change in net working capital	**141.7**	127.1
+/- Capital expenditure, net	**-45.4**	-118.7
+/- Investments in financial assets, net	**-4.3**	-9.2
+/- Change in securities	**-5.6**	58.9
+/- Divestments	**22.1**	41.7
+/- Acquisitions	**0.0**	-8.5
Free cash flow	**-34.8**	21.4

- Further reduction of net working capital
- Heavy reduction of capital expenditure
- Divestment of a subsidiary (22 million CHF)

Development of net liquidity in 2009

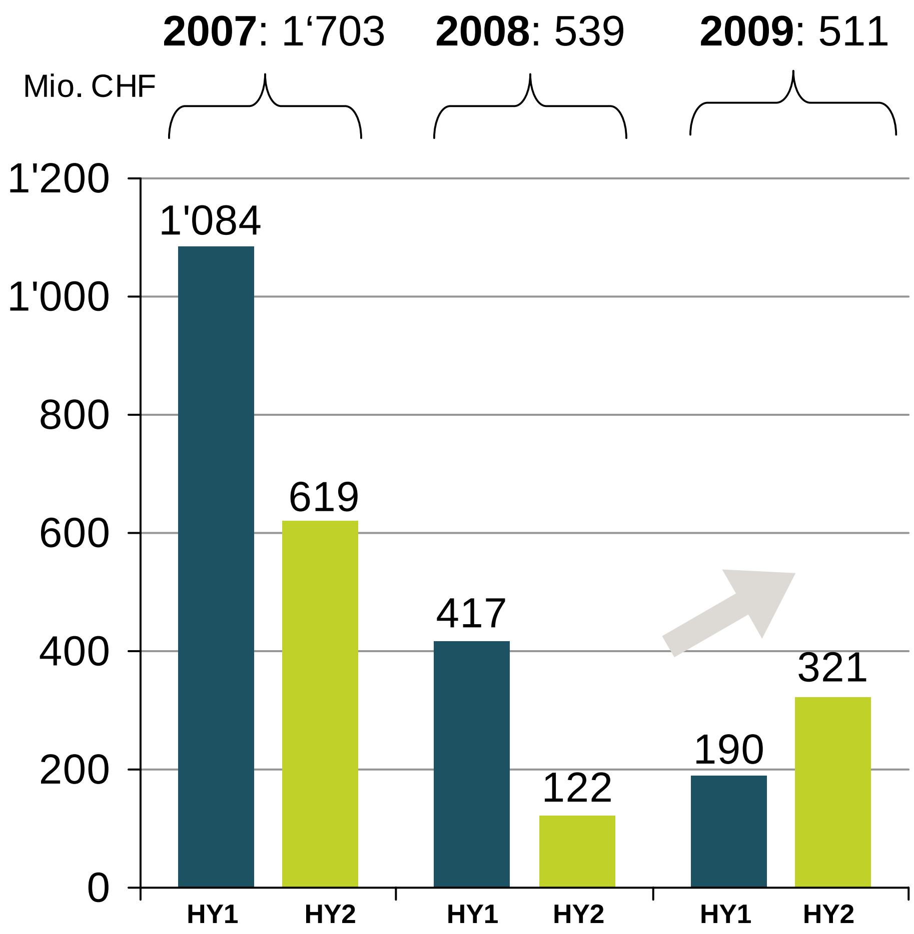
million CHF



Textile Systems 2009

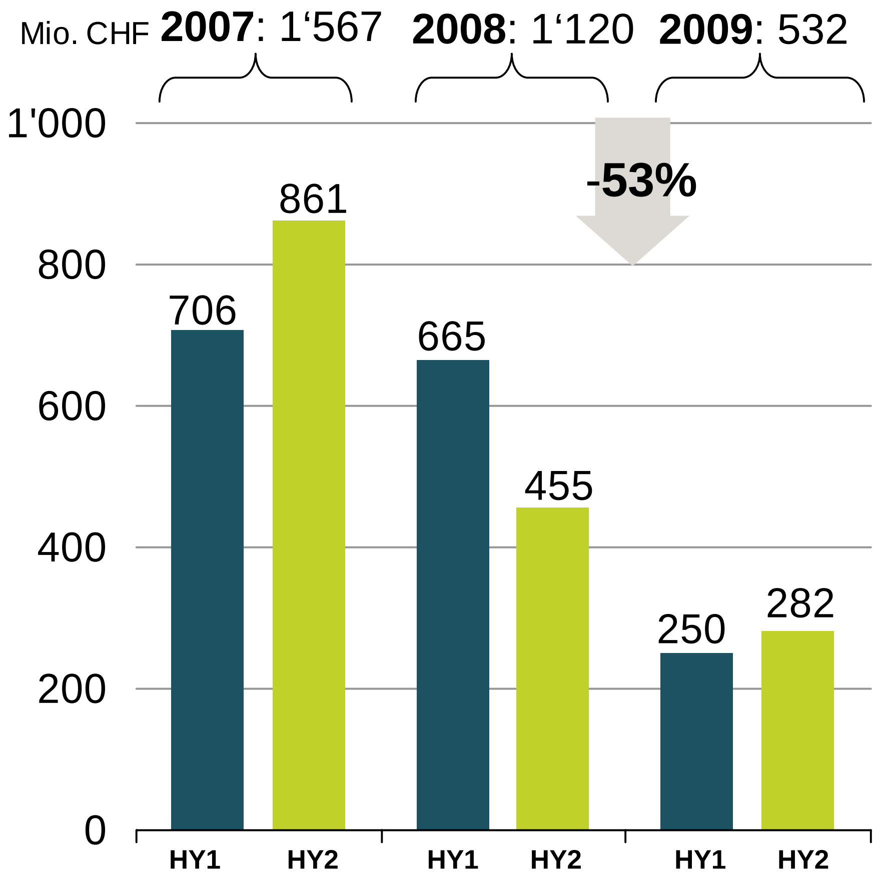
Leading global systems supplier for the entire spinning process

Textile Systems: Order intake



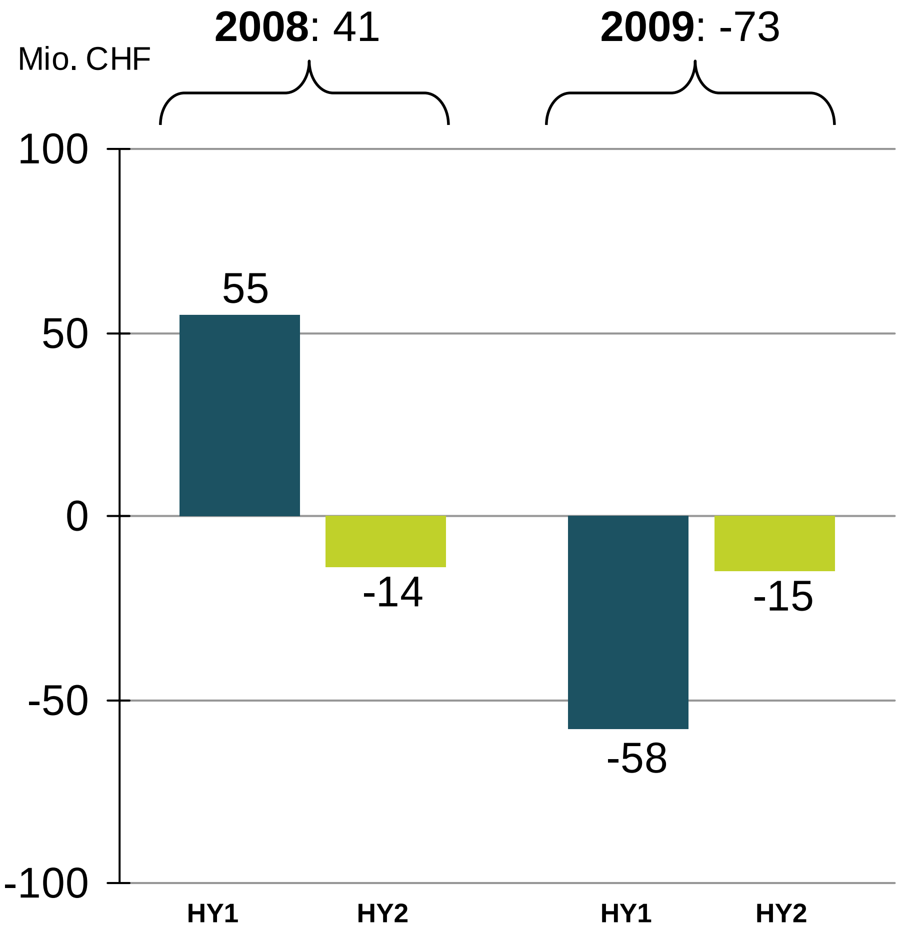
- Steep market downturn from March 2008 until mid-2009
- Bottomed out in Q1 2009
- Already in Q2 2009 significantly higher demand for components
- Demand in HY2 69% higher than in HY1 2009
- Biggest demand in India, China and Turkey
- Orders received vs. sales (book-to-bill ratio) >1 as of HY2

Textile Systems: Sales



- Marked sales decline by 53% or 588 million CHF due to lower order intake in prior period
- Sales in HY2 13% higher than in HY1 due to more orders received as of summer 2009
- Highest sales in China, India, Brazil and Turkey
- Spare parts business less affected by downturn than machinery business

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



- 2009; first negative operating result before special charges since a very long time
- Result affected by massive collapse of volumes and low workloads
- Loss in HY2 09 greatly reduced from –58 to –15 million CHF, thanks to restructuring, cost reductions and slightly higher volumes in HY2
- Breakeven point significantly lowered
- Same loss in HY2 09 as in HY2 08 despite 173 million CHF less sales in HY2, thanks to lower breakeven point

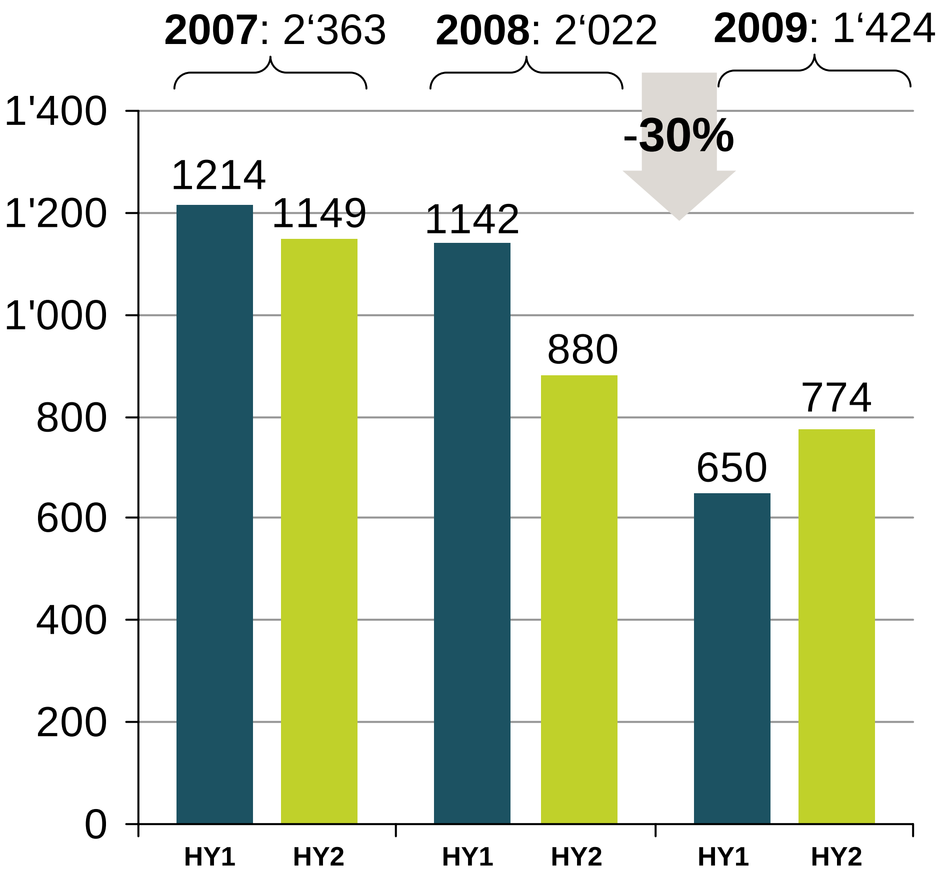
Automotive Systems 2009

RIETER

Leading automotive supplier for acoustics and thermal management

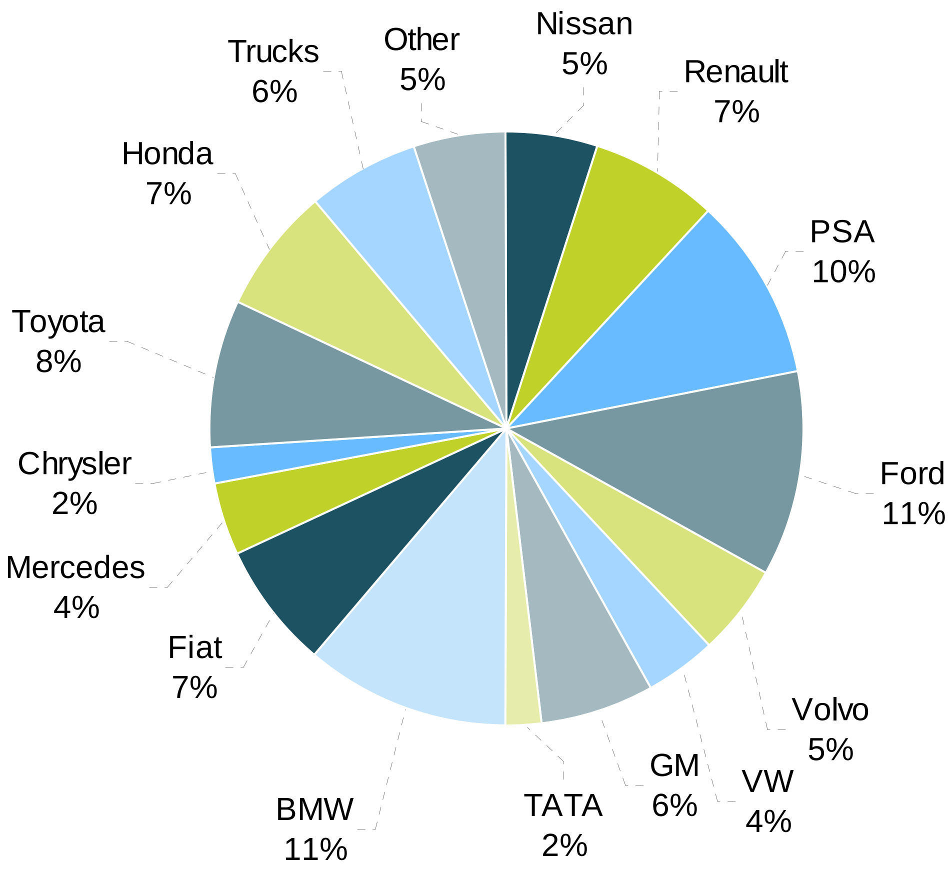
Automotive Systems: Sales

million CHF



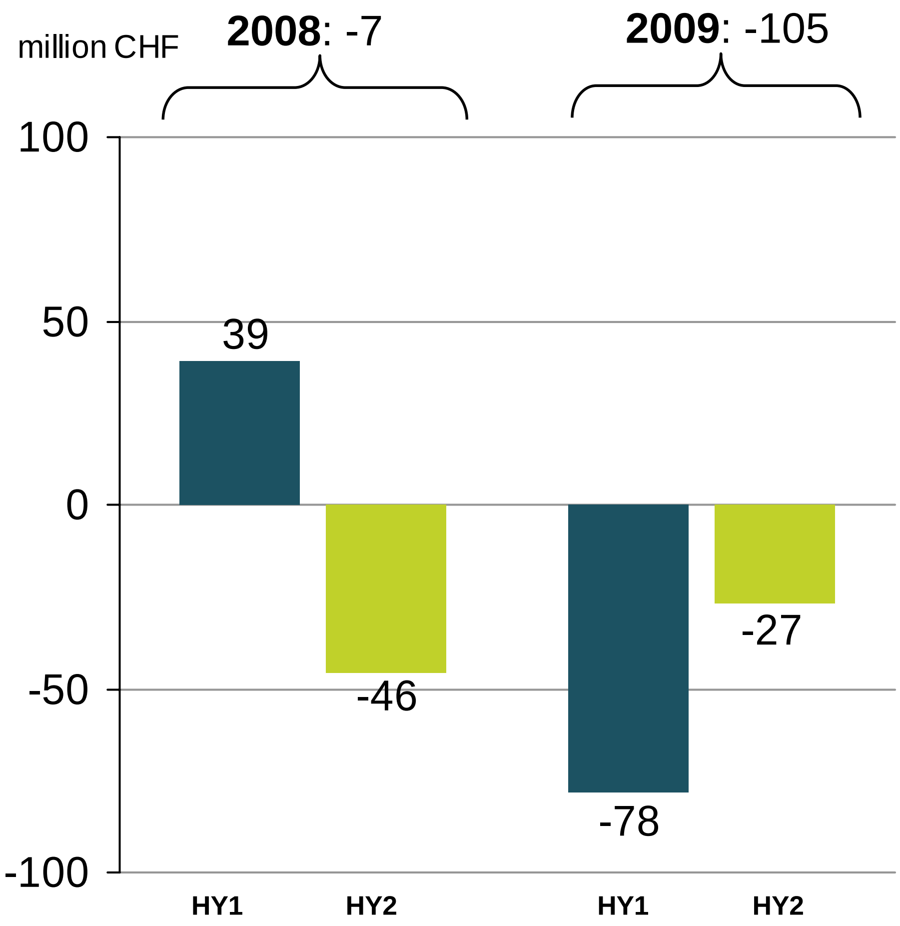
- Steep decline of vehicle production in Rieter’s main markets
- Automotive sales declined by about 600 million CHF or 30% from prior year (–26% in local currencies)
- In HY2 Rieter Automotive benefited from rather friendlier market conditions
- Divisional sales 19% higher in HY2 than in HY1

Automotive Systems: Sales by customer groups



- Broadly based customer portfolio
- Rieter supplies all leading automobile manufacturers worldwide
- Lower sales to Chrysler and GM compensated by additional orders from Ford

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



- Result affected by massive decline in volume, mainly in HY1
- Restructuring and outsourcing to low-cost countries start to improve results
- In HY2 the operating result before special charges improved to -27 million CHF, compared to -78 million CHF in HY1
- 19 million CHF less loss in HY2 09 than in HY2 08, despite sales decline by more than 100 million CHF, thanks to lower breakeven point

Outlook

Erwin Stoller, Executive Chairman

Rieter Group: Further development

- Expansion in the Asian growth markets (China and India)
- Better alignment to **extreme** market cycles (lower breakeven point)
- Development of both divisions to cover their capital costs and finance organic growth with own cash flow

Measures for the way forward

Three directions of impact
• Lower breakeven point / minimize liquidity drain
• Accelerate product innovation
• Take advantage of opportunities in growth markets

Lowering breakeven point

- Personnel cost / Overhead
- Adjusting of structures: closing of production plants and locations / relocation in low-cost countries
- Lowering product cost

Textile: Product innovations

Ring-spinning machine G 312

Developed in Switzerland and produced in India for the local market

High efficiency thanks to multiple spindles (up to 1440)

Higher rotational speed and higher production with lower power consumption

UNIfloc A 11

Bale opener produced in China for the local market and global export

Higher productivity at lower investment costs. High flexibility: up to 4 different grades can be simultaneously processed

Double head draw-frame RSB-D-22

10-15% higher machine efficiency than conventional double-head drawframes

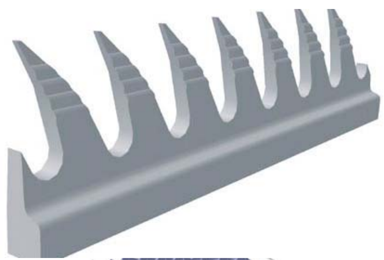
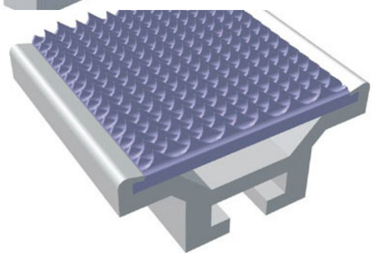
More compact, lower investment costs

Less energy consumption

Textile: Market leader in technology components

RIETER

Components for the pre-spinning process	Components for ring spinning	Spindles and spindle bearings	Drawframes and compact spinning systems EliTe® for short/long fiber OE boxes and spinning parts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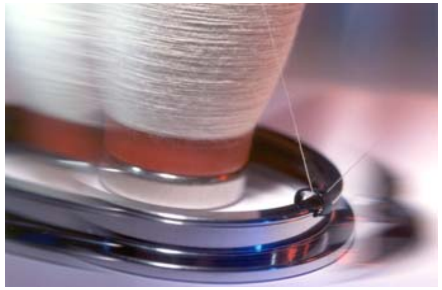
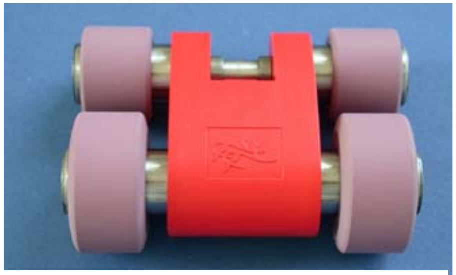



Bräcker
Gretener
BERKOL

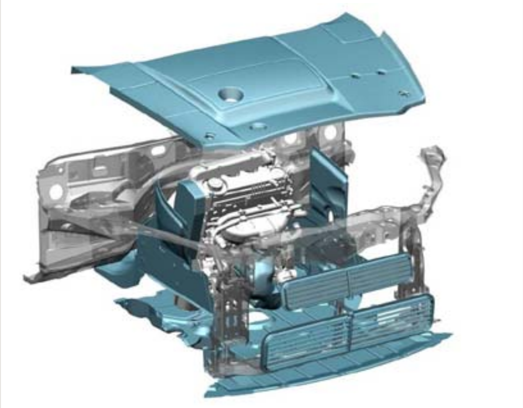
Novibra




Suessen

Automotive: Product innovations

Engine bay



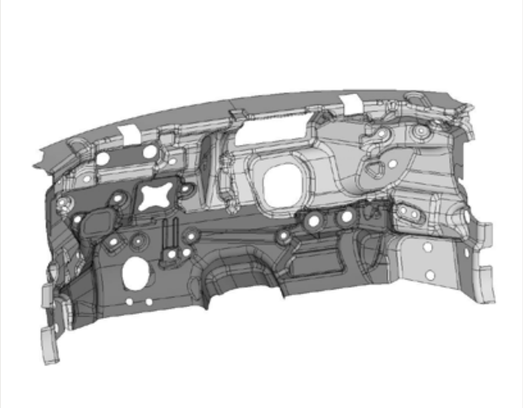
Engine encapsulation for acoustic and/or thermal management: lower fuel consumption and emissions plus less noise

Trunk paneling

The latest Rieter Ultra Silent application: **trunk treatment**

State-of-the-art: stiffness combined with weight savings and acoustic insulation

Acoustic insulation



Thanks to intelligent thickness distribution Rieter Ultra Light optimally combines absorption and insulation.

Significant weight savings combined with **acoustic insulation**

Automotive: Main production startups in 2009/2010

Ford Focus

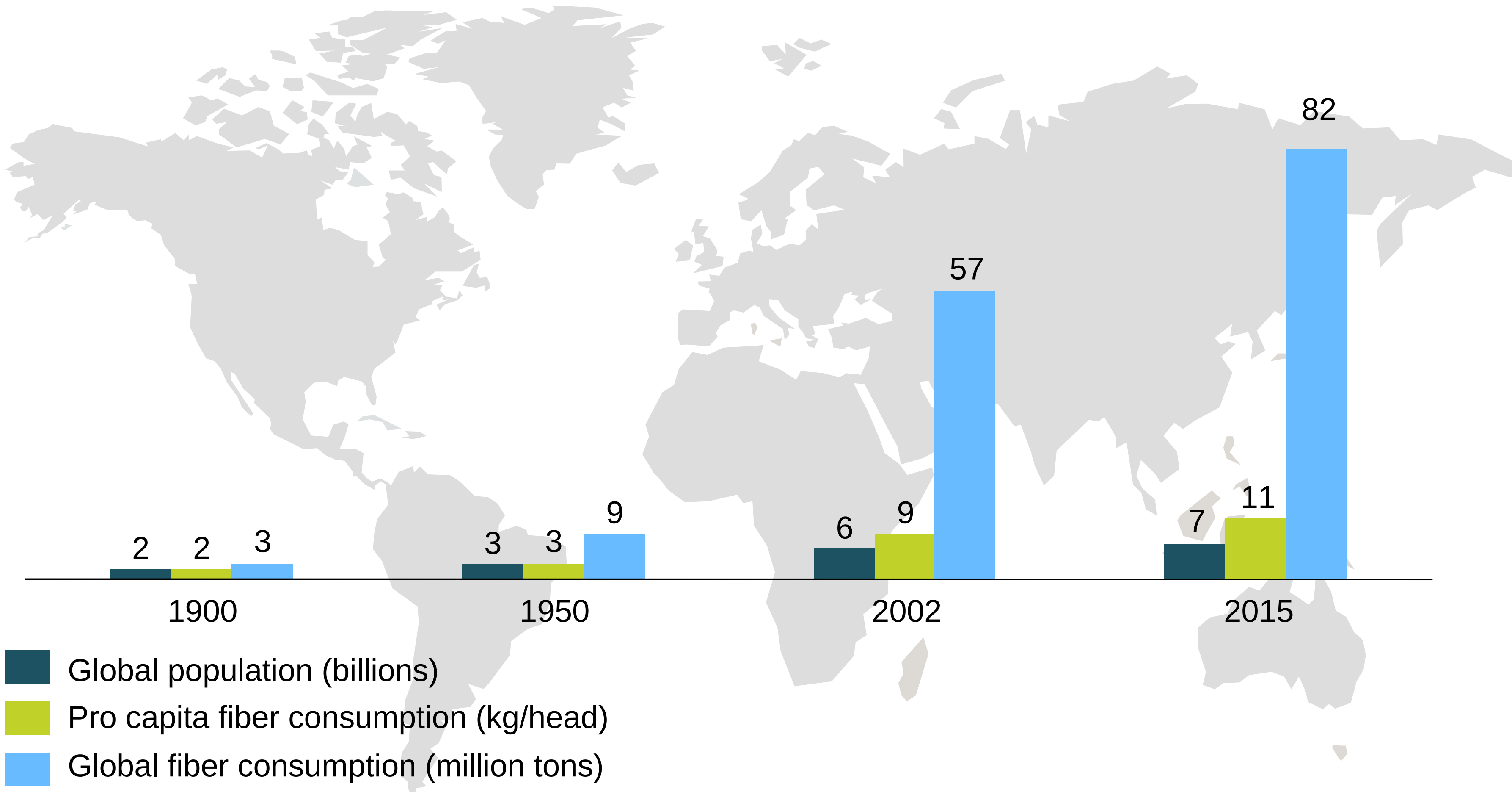
Nissan Micra

Suzuki Swift

BMW X1

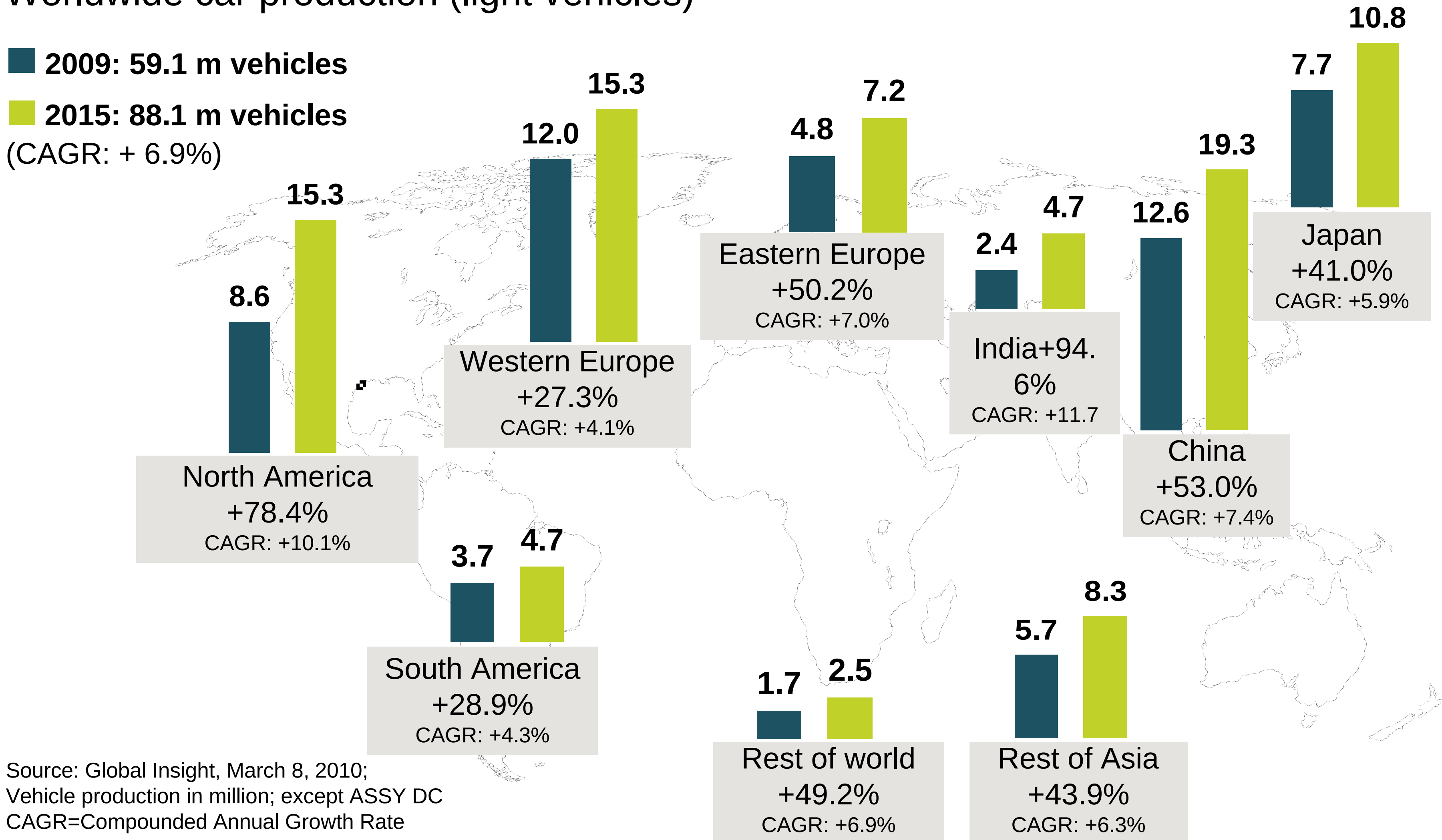
Textile: Long-term market prospects are intact

Global fiber consumption exceeds population growth due to increasing prosperity.
China and India consume > 60%



Automotive: Market development until 2015

Worldwide car production (light vehicles)



Source: Global Insight, March 8, 2010;
Vehicle production in million; except ASSY DC
CAGR=Compounded Annual Growth Rate

And the future for the Rieter Group?

- Development of both divisions to cover their capital costs and finance organic growth with own cash flow
- Further lowering of breakeven point, secure cash flow and equity
- Spurring product innovations for the growing markets China and India

Return to profitability with both divisions and the Group

Outlook

Market development

- Textile Systems: significant further improvement of order intake in the initial months of the current year compared with HY2 09
- Automotive Systems: sales in the initial months of the current year above the average level of HY2 09
- Sales development is encouraging, but much lower than the record level of 2005 to 2007

Prospects for 2010

- If positive consumer sentiment in Europe and the USA continues and economic growth expectations in the major Asian markets are confirmed, Rieter expects significant sales growth at group level in 2010 compared to 2009 (compared with the low prior year level)
- During the course of 2010 both the Rieter divisions will further lower the breakeven point thanks to the restructuring measures taken.
- As announced in summer 2009, Rieter is confident of achieving the turnaround in 2010.

Rieter Corporate Values and Principles

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