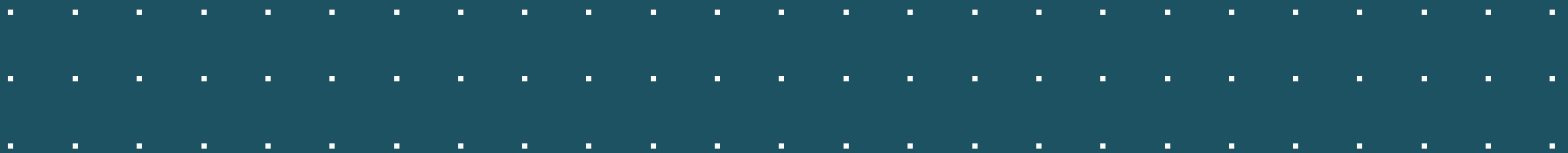
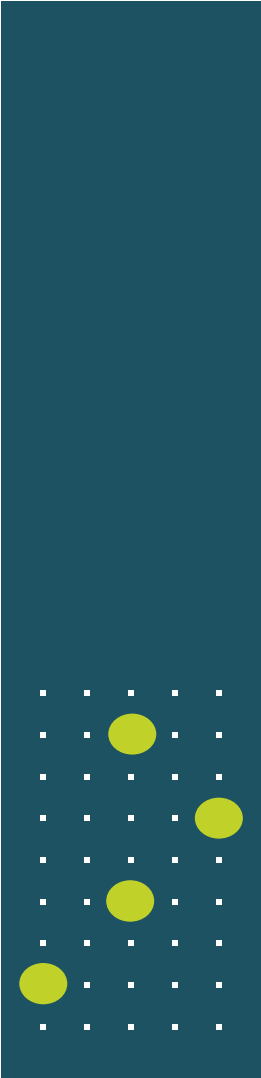


Rieter Holding Investor presentation



- 
1. Introduction and summary of 2011
 2. Financial results 2011
 3. Strategic focus
 4. Outlook

History of Rieter



1795 – 1925

Pioneer & diversification phase

Trading of cotton

Cotton spinning mill

Production of numerous goods in addition to spinning machinery:

- Turbines
- Streetcars

1925 – 1984

Rieter Machine Works Ltd. becomes a publicly listed company

Focus on spinning machinery

1984 – 2011

Dual strategy

Global company with activities in:

- Textile machinery
- Automotive supply

Quotation of Rieter Holding Ltd. on SIX Swiss Exchange

International expansion

Spin-off of division Automotive (Autoneum) May 13th 2011

Future

Focus on textile machinery and components:

A leading supplier of short-staple fiber machinery and components

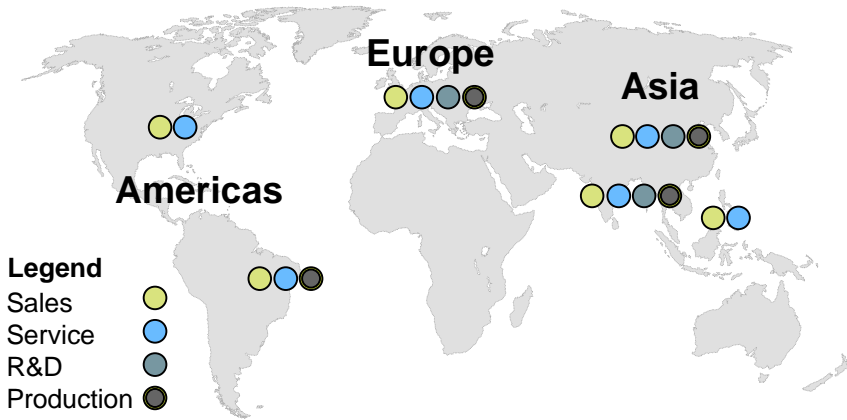
Rieter is a leading supplier of short staple textile machinery and components

- **Rieter – an industrial group based in Winterthur, CH, operating on a global scale**
 - Formed in 1795, and a leading supplier of short-staple spinning machinery and technology components
 - Widest product range in this industrial sector worldwide
 - Global presence in 9 countries with 18 manufacturing facilities and a workforce of about 4 700 employees worldwide (28% of workforce is based in Switzerland)
- **Rieter – a strong brand with a long tradition**
 - Rieter's innovative momentum has been a powerful driving force for industrial progress.
 - Products and solutions are ideally tailored to its customers' needs and are increasingly also produced in customers' markets.
- **Rieter aspires to achieve sustained growth in enterprise value for the benefit of shareholders, customers and employees**
 - Seeking to maintain continuous growth in sales and profitability
 - Primarily by organic growth, but also through strategic alliances and acquisitions
- **The company comprises two Business Groups:**
 - Spun Yarn Systems (SYS) develops and manufactures machinery and systems for processing natural and man-made fibers and their blends into yarns
 - Premium Textile Components (PTC) supplies technology components and service offerings to spinning mills and also to machinery manufacturers

Rieter – Broadest global systems supplier



Global supplier...



...of spinning machinery and components



Full-liner...

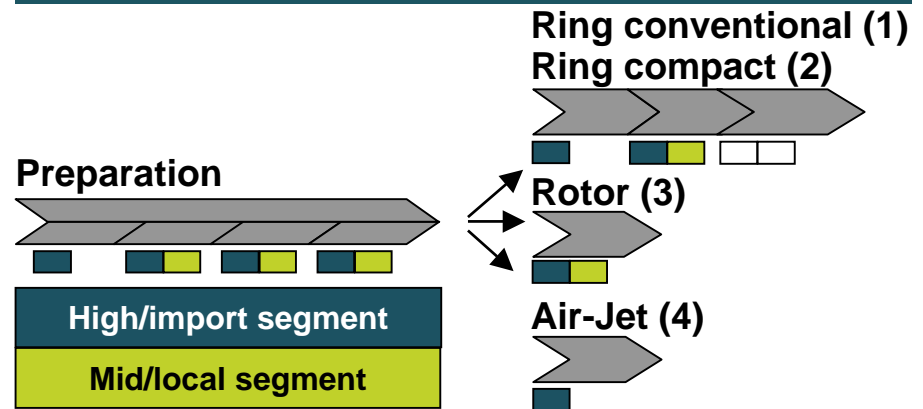
From raw material...



...to yarn



...covering preparation and all four spinning technologies



Spun Yarn Systems 2011



Leading systems supplier in the spinning process



CHF million	2011	2010
Order Intake	775.0	1217.9
Sales	861.7	674.0
Corporate Output	866.3	669.4
EBIT	81.2	42.4

- **Customers / regions:** Spinning mills in Turkey, India, China, South East Asia, North and Latin America, Africa
- **Market size:** ~2'800 million CHF (2010)
- **Product offering:** Short staple spinning systems and machinery for natural and man-made fibers: Blowroom, Card, Drawframe, Comber, Flyer, Ring spin, Rotor spin, Compact spin, Airjet spin
- **Global sales and service presence** in all yarn producing countries through own sales force or agents with **production facilities** in Switzerland, Germany, Czech Republic, China and India
- **Main competitors:** OC Oerlikon, LMW, Jingwei, Trützschler, Murata
- **Growth drivers:** Population and GDP growth drives demand in fibers and yarn; Trend to increasing yarn quality, fineness and automation; Replacement of existing installed capacity

Premium Textile Components 2011



Leading supplier of premium textile components

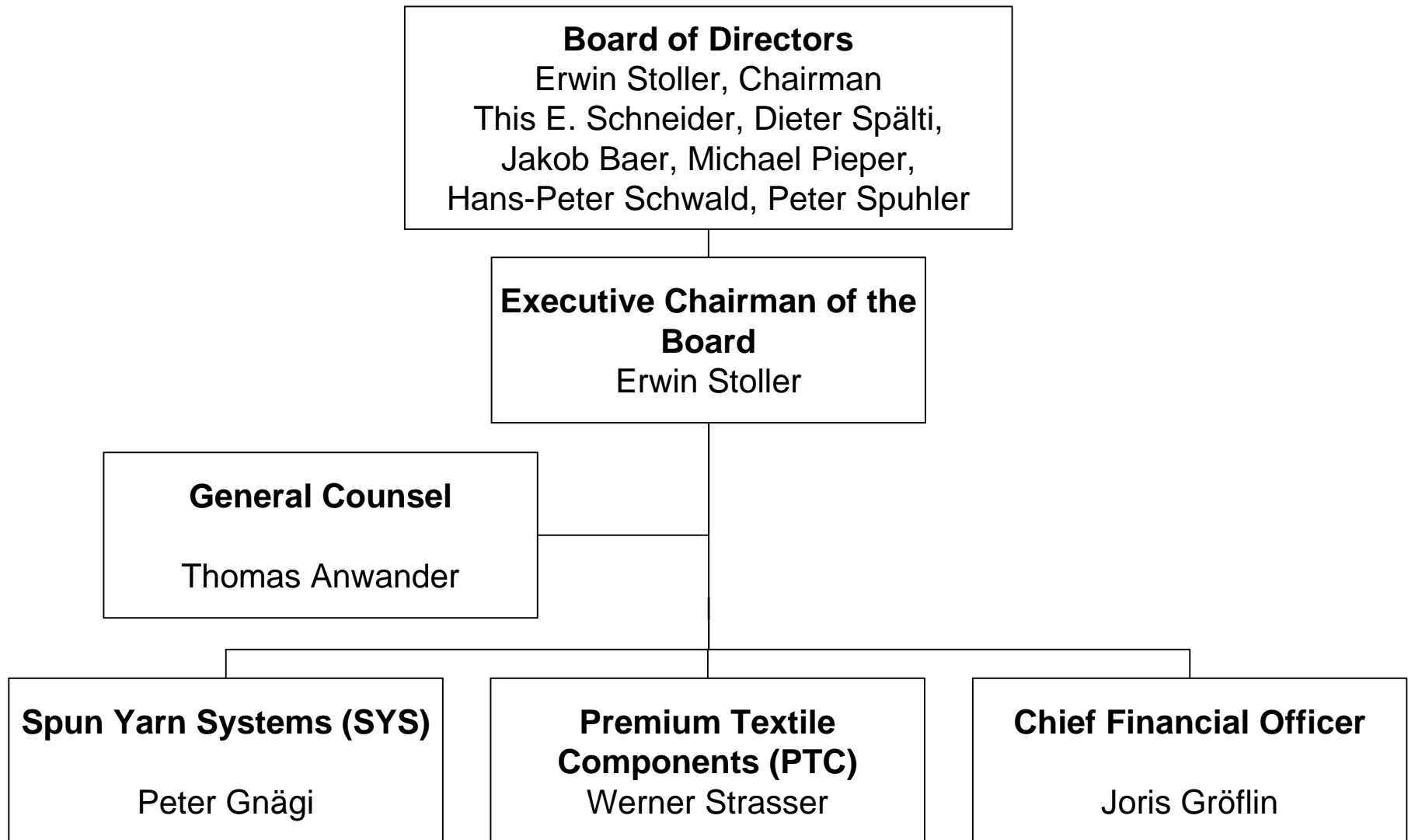


Brands:
Bräcker
Novibra
Suessen
Graf

- **Customers / regions:** Spinning mills and OEMS (Rieter and third) in India, China, Turkey, Europe, South East Asia, North and Latin America, Africa
- **Market size:** ~1'100 million CHF (2010)
- **Product offering:** Durable and wear & tear components for short staple spinning machinery
- **Global sales and service presence** in all yarn and machinery producing countries mainly through agents with **production facilities** in Switzerland, EU, China, India
- **Main competitors:** Oerlikon OTC, Trützschler, Lakshmi and various small competitors
- **Growth drivers:** Population and GDP growth drives demand in fibers and yarn; Trend to increasing yarn quality and fineness and automation; Higher speeds

CHF million	2011	2010
Order Intake	183.3	235.2
Sales	199.1	190.6
Corporate Output	272.6	237.2
EBIT	35.1	29.6

Management team and Board of Directors



2011: Key messages



“Rieter is now focused on **textile machinery and components** after a smooth separation and achieved major steps in the implementation of its strategy. **Sales** and **profitability** have been **increased** significantly. Rieter returns to the policy of paying cash dividends – a **dividend of 6 CHF** per share has been proposed for 2011.”

Erwin Stoller

Executive Chairman

Clear focus on profitable growth in textile machinery and components

Strategic

- Clear focus on textile machinery and components since May 13, 2011, through separation of former Division Automotive
- Market position both in machinery and components strengthened
- Increased flexibility through divestments of Lakshmi (LMW) shares and Czech production facilities

Operational

- Innovations realized in all end-spinning and spinning preparation technologies – both in components and machinery
- Success with local products in China and India
- Expansion in China and India on track

Financial

- Significant sales growth of 22% to 1061 million CHF achieved. Order intake with 958 million CHF at a good level resulting in an order backlog of above 600 million CHF at year-end
- Significant increase in profitability to an EBIT margin of 10.8% of corporate output
- Strong free cash flow of 79.5 million CHF generated

Dividend policy

- Dividend of 6 CHF per share out of reserves from capital contributions proposed
- Dividend proposal results in dividend yield of 4.25%

Rieter – Operational highlights 2011



Progress in Asia and in innovations, process improvements started

Expansion in Asia



Example:
Plant in China (Changzhou)

Innovation



Example:
Airjet J 20 and Rotor Box S 60

Process improvements



Example:
Lean manufacturing and global
process improvement

1. Introduction and summary of 2011
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Significant growth of sales by 22% and EBIT by 49% in 2011

Sales

- Significant sales growth of 22% to 1061 million CHF achieved
- Spun Yarn Systems grew by 28%, Premium Textile Components by 4%

Order intake

- Good order intake in 2011 at 958 million CHF across all important regions
- Order backlog at above 600 million CHF at year-end

Profitability

- EBIT margin significantly increased to 10.8% of corporate output (CO)
- Spun Yarn Systems with 9.4% of CO, Premium Textile Components with 12.9% of CO

Net profit

- Net profit margin from continued operations at strong 11.4% of corporate output (CO)
- Return on net assets (RONA) increased to 19.8%

Investments / Innovation

- Capital expenditure increase to 57.3 million CHF mainly driven by investments in Asia
- R&D expenditure intensified by 21% to 39.5 Mio CHF (or 3.8% of CO)

Free cash flow

- Strong free cash flow of 79.5 million CHF generated
- Net liquidity at solid 159.0 million CHF

Dividend policy

- Earnings per share of 25.86 CHF
- Dividend of 6 CHF per share from reserves from capital contributions proposed

Rieter – Financial key figures



Development of key figures by half-year

CHF million	FY 2011	H2 2011	H1 2011	FY 2010
Order Intake ⁽¹⁾	958.3	287.0	671.3	1454.6
Sales	1060.8	523.0	537.8	870.4
Corporate Output (CO)	1042.5	490.6	551.9	841.4
EBIT ⁽²⁾	112.6	42.0	70.6	75.7
EBIT margin (of CO)	10.8%	8.6%	12.8%	9.0%
Net profit ⁽³⁾	119.0	28.0	91.0	82.9
R&D expenditures	39.5	20.2	19.3	32.5
Capex	57.3	42.9	14.4	25.8

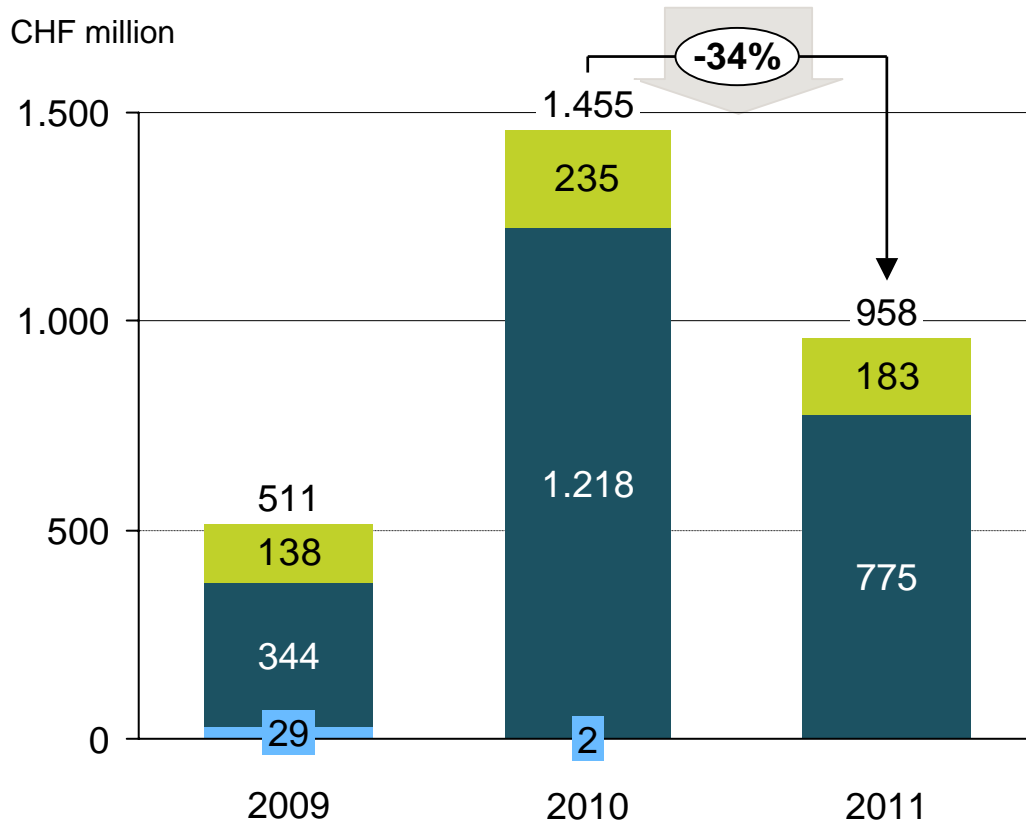
(1) Including cancellations of 113 million CHF in H2 2011, prior cancellations: order intake of 400 million CHF in H2

(2) Including investments for growth of around 10 million CHF and investments into process improvements of around 10 million CHF mainly in H2

(3) Continued operations

Orders by Business Group

Good order intake in 2011, down versus peak in 2010 by 34%



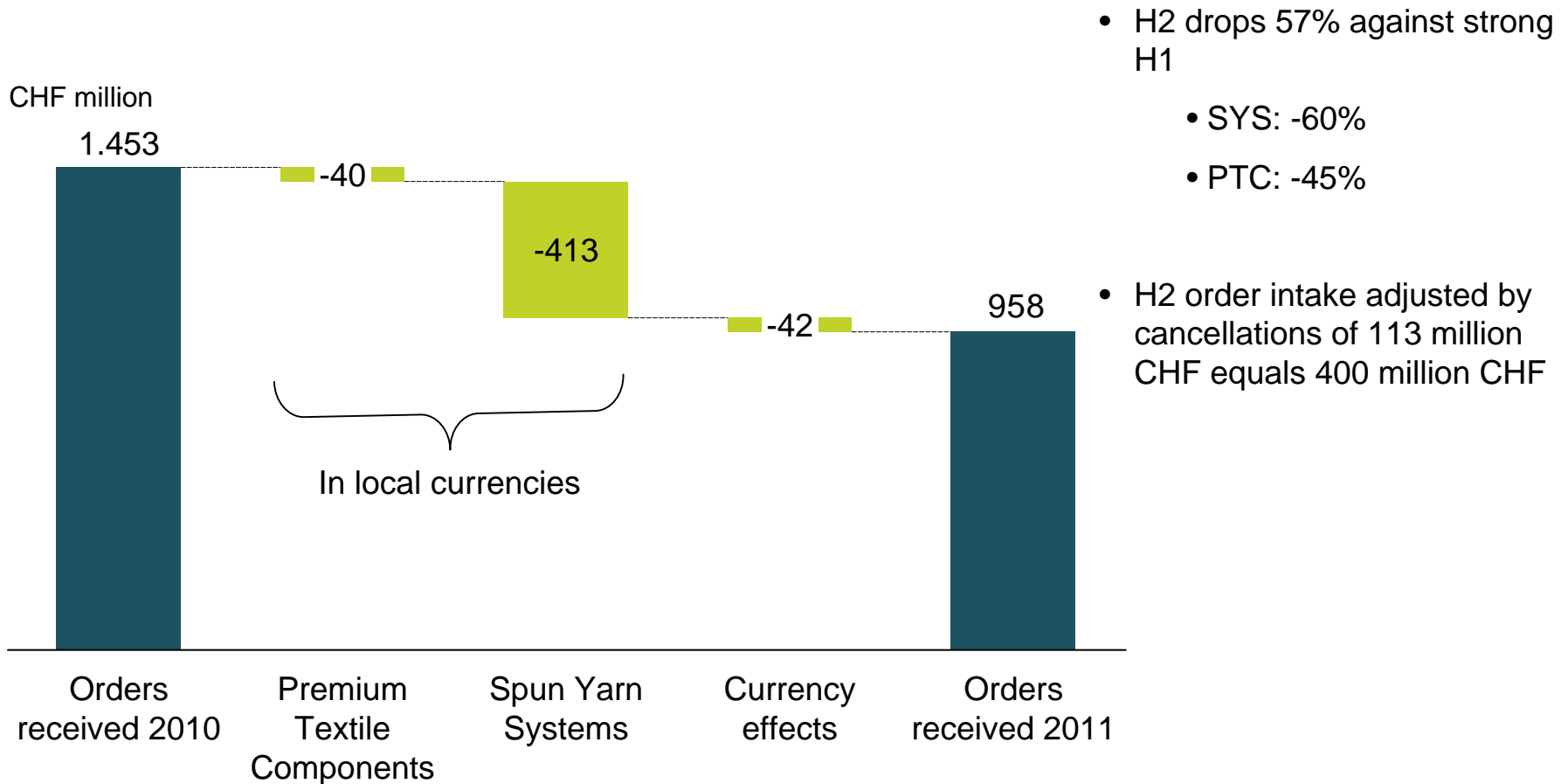
■ Premium Textile Components
 ■ Other
■ Spun Yarn Systems

- 34% lower orders triggered by both Business Groups
 - SYS: -36% (local currency -34%)
 - PTC: -22% (local currency -17%)
- Order intake has been impacted by cancellations 2011 in H2 of 113 million CHF, thereof
 - SYS: 108 million CHF
 - PTC: 5 million CHF
- Solid order backlog of above 600 million CHF at year-end

Order intake development and currency impact



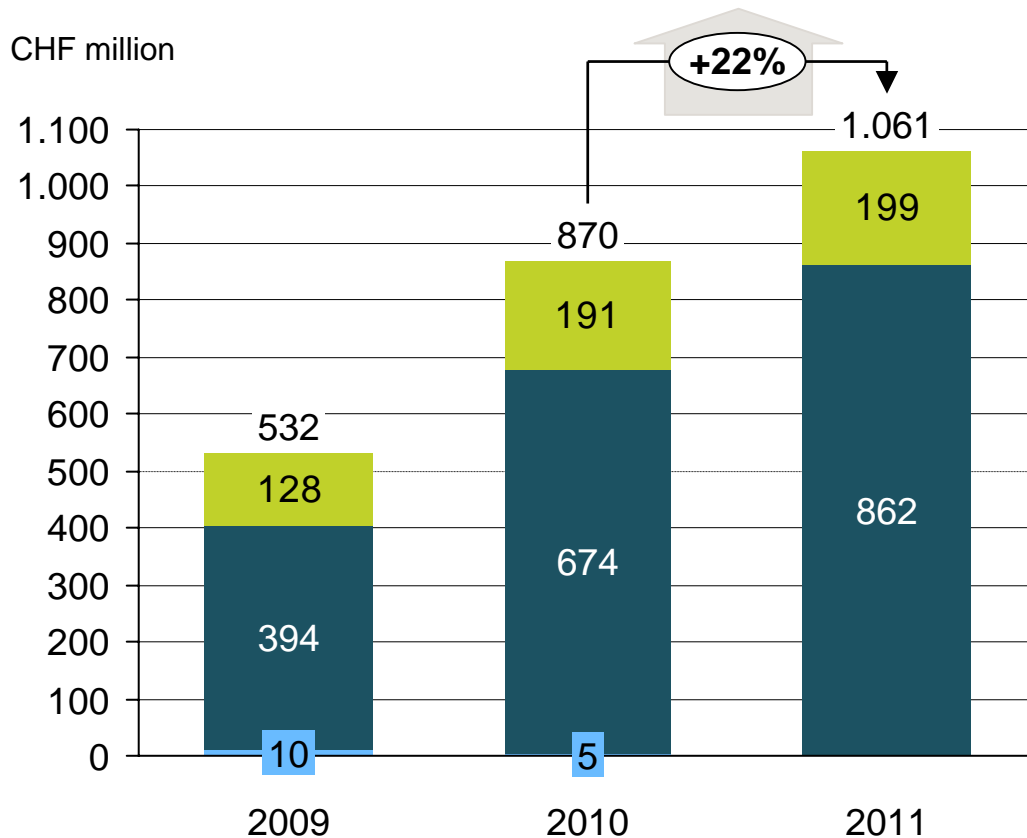
Premium Textile Components business in general less cyclical



2010 adjusted for divestiture

Sales by Business Group

Sales significantly increased by 22% against 2010 to 1061 million CHF



- Rieter increased sales by 22%
- Spun Yarn Systems (SYS) substantially increased sales by 28% (in local currency +32%)
- Premium Textile Components (PTC) increased sales against already good previous year by 4% (in local currency +11%)

■ Premium Textile Components
 ■ Other

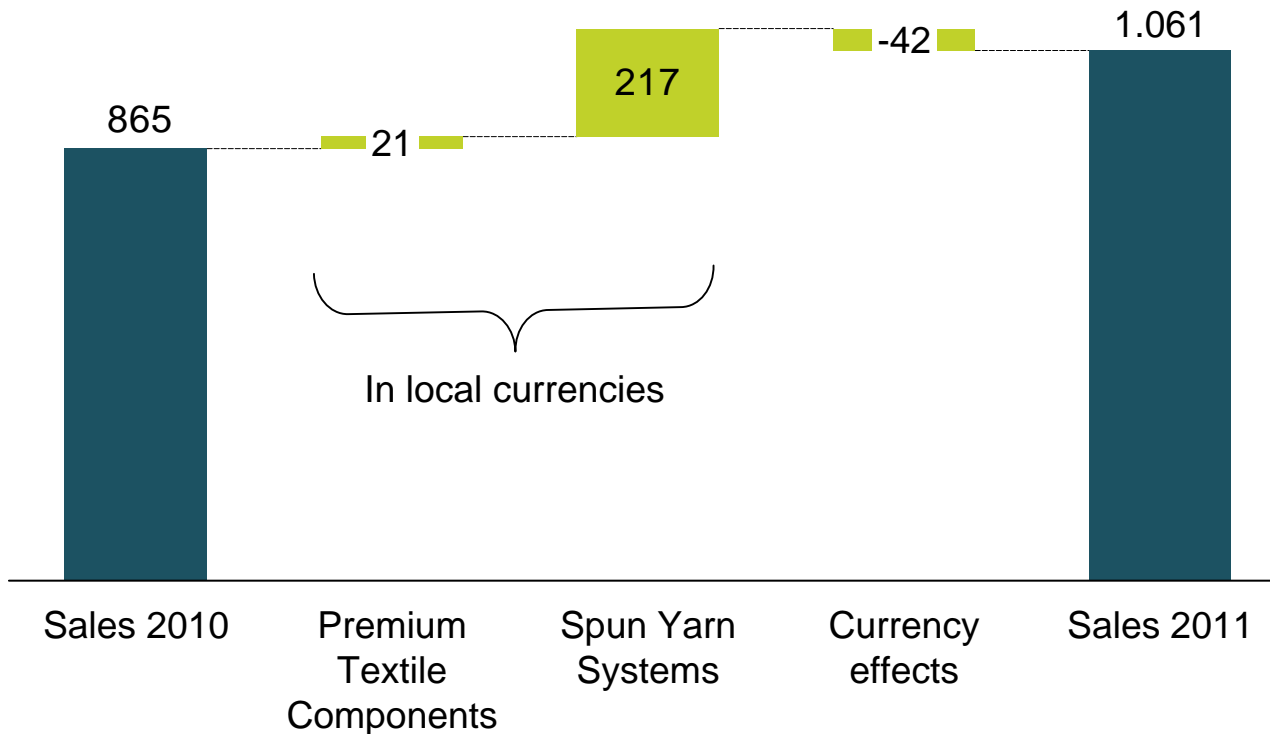
■ Spun Yarn Systems

Sales development and currency impact



Currency impacted sales by -5%

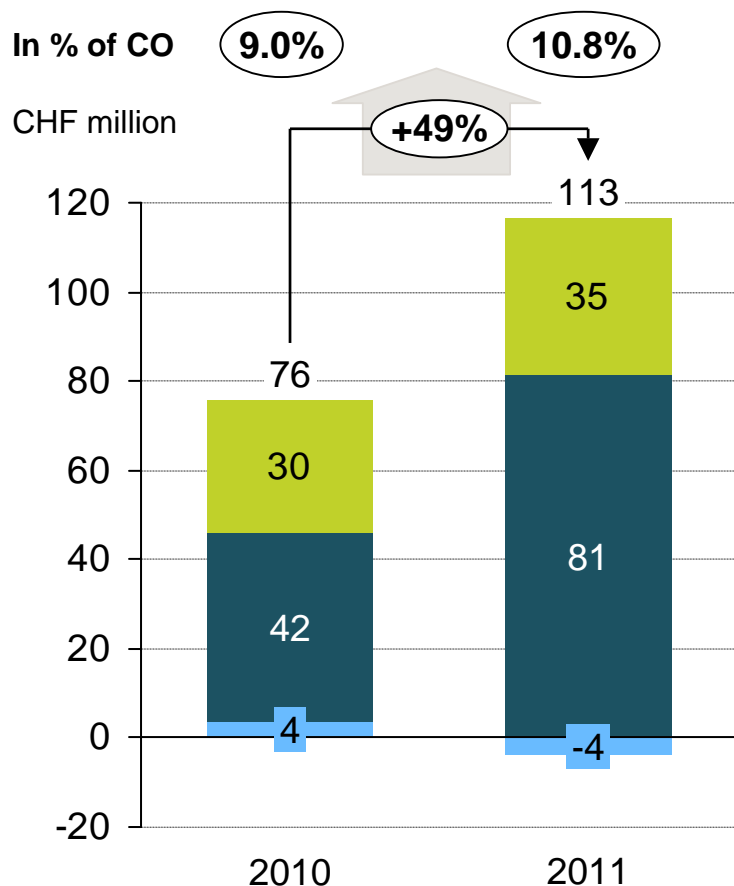
CHF million



2010 adjusted for divestiture

Operating result (EBIT)

EBIT margin significantly increased to 10.8% of corporate output

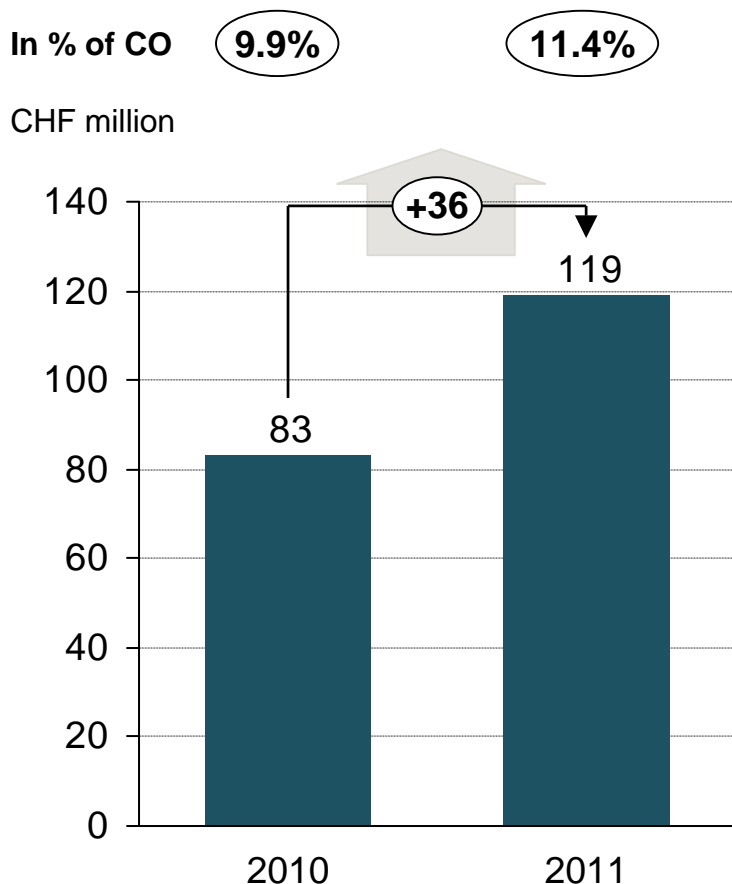


- EBIT increased by 49% to 112.6 million CHF in 2011
- Both Business Groups contributed to profitability increase, mainly through volume growth in the machinery business (Business Group SYS)
- Increase of R&D to 39.5 million CHF or 3.8% of corporate output (2010: 32.6 million CHF)
- Margin negatively impacted in second half year by
 - market-driven volume slow-down in the highly profitable components business (PTC)
 - pricing pressure on Swiss franc denominated sales
- Majority of increased investments into expansion in China and India and innovation of ~ 10 million CHF and process improvements of ~ 10 million in second half year

■ Premium Textile Components
 ■ Spun Yarn Systems
 ■ Other / Corporate Functions

Net Profit (continued operations) and RONA

Net profit margin at strong 11.4% of corporate output

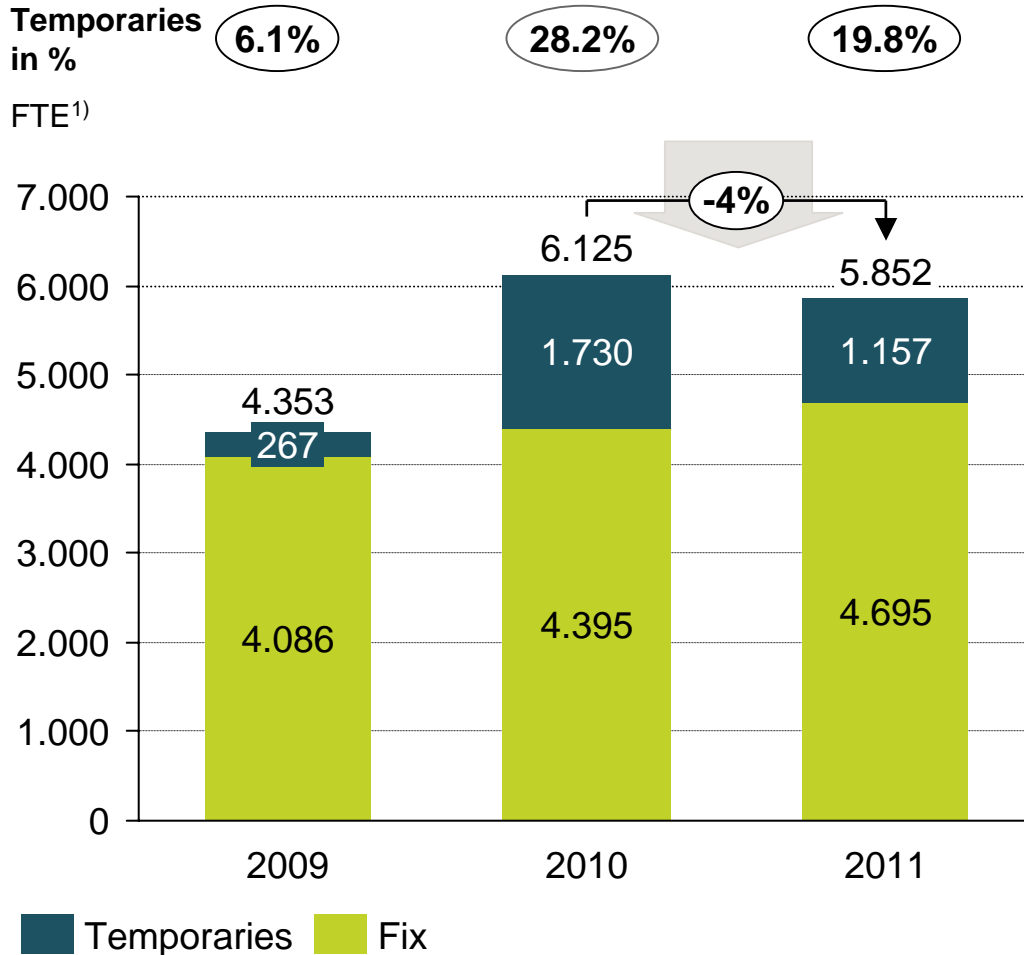


EPS in CHF	17.81	25.86
RONA in %	17.4%	19.8%

- Sale of LMW shares contributed 47.3 million CHF to net profit from continued operations
- Financial result negatively impacted by extraordinary reclassification of currency differences on a loan to a subsidiary (-7.3 million CHF) and an impairment on assets held available for sale (-2.9 million CHF)
- Return on net assets from continued operations of 19.8% (13.1% before gain from sale of Lakshmi shares) exceeded cost of capital
- Earnings per share from continued operations increased to 25.86 CHF (before gain from sale of Lakshmi shares of 15.63 CHF)
- Board of Directors proposes a dividend of 6.0 CHF per share out of the reserve from capital contributions (dividend yield of 4.25%)

Changes in workforce

Total workforce reduced by 4% through reduction in temporaries



- 22% sales growth and intensification of product development and process improvements led to increase of fix employees by 7% mainly in Switzerland, Czech Republic and Germany followed by China
- Shift of production to Rieter India and subsequent divestment of Joint Venture with Lakshmi lead to overall decrease in India
- Adjustments of temporary personnel due to demand slow-down in second half year
- Hiring freeze initiated in second half year for indirect personnel

1) Excluding apprentices, including temporary employees

Balance sheet



Increase of both net liquidity to 159.0 million CHF and equity ratio to 35%

CHF million	31.12. 2011	30.06. 2011	31.12. 2010
Total assets	1111.4	1135.5	1969.1
Non-current assets	322.0	301.2	802.2
Net working capital	53.3	65.6	89.7
Liquid funds	415.6	428.5	359.0
Net liquidity	159.0	149.8	-3.5
Short-term financial debt	3.1	6.0	66.2
Long-term financial debt	253.5	272.7	296.3
Shareholders' equity	387.7	360.4	627.6
in % of total assets	35%	32%	32%

- 2011 balance sheets after spin-off of automotive business (Autoneum), 2010 figures are prior to spin-off
- Net liquidity of 159.0 million CHF positively impacted by strong free cash flow of 79.5 million CHF
- Shareholders' equity ratio at 35%
- Bond of 250 million CHF (2010 – 2015, 4.5%) secures financing of business development

Net working capital



Net working capital decrease in H2 to 53.3 million CHF

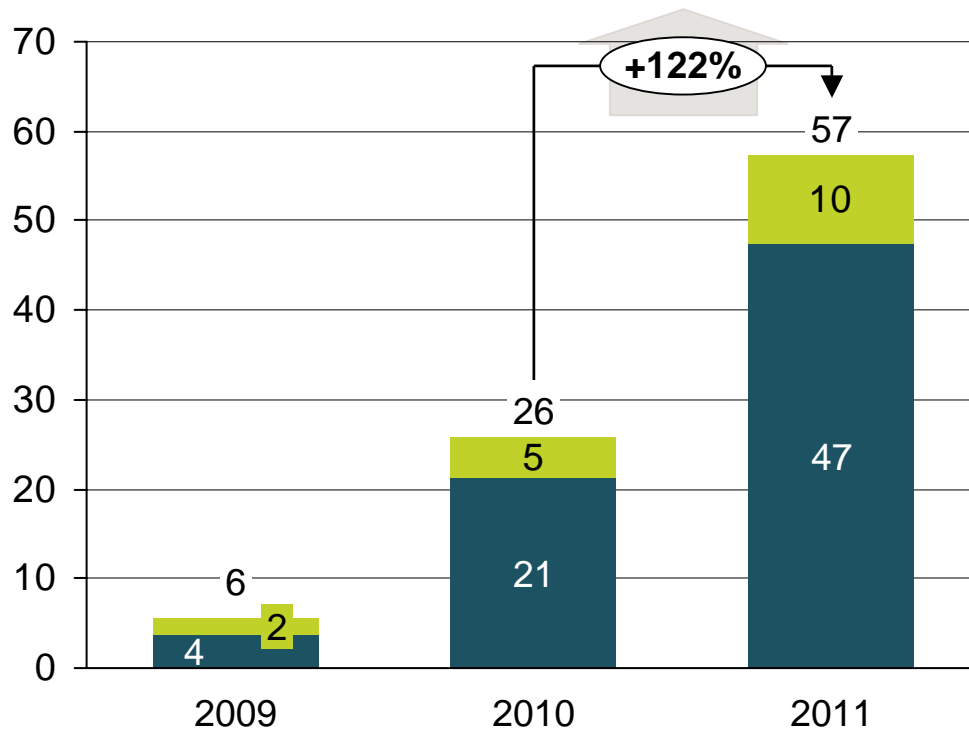
CHF million	31.12. 2011	30.06. 2011	31.12. 2010
Inventories	234.8	251.0	328.4
Trade receivables	84.1	90.4	381.5
Other receivables	54.9	64.4	98.0
Trade payables	-86.4	-74.2	-315.8
Advance payments	-89.8	-83.7	-110.9
Other current liabilities	-144.3	-182.3	-291.5
Net working capital	53.3	65.6	89.7

- 2011 net working capital after spin-off of automotive business (Autoneum), 2010 figures are prior to spin-off
- Decrease in corporate output led to lower inventories compared to first half year 2011
- Advance payments from customers continue to partially finance inventories



Capital expenditures

Capital expenditures mainly driven by expansion in China and India

CHF million



- Capital expenditure into expansion in China and India amount to 27.0 million CHF (2010: 12.3 million CHF)
- Maintenance capital expenditure at 2.9% of corporate output

 Premium Textile Components
 Spun Yarn Systems

Free cash flow (continuing operations)



Strong free cash flow of 79.5 million CHF generated

CHF million	2011	2010
Net profit	119.0	82.9
Interest and tax expense (net)	29.2	-3.2
Depreciation and amortization	33.9	39.9
+/- Reversal of disposal gains	-53.5	-5.5
+/- Change in net working capital	-17.5	-33.5
+/- Interest paid / received (net)	-7.3	24.6
+/- Taxes paid	-23.4	-6.0
+/- Capital expenditure, net	-53.6	-25.8
+/- Change in other financial assets	0.5	6.1
+/- Sale LMW shares / divestments	52.2	-0.8
Free cash flow	79.5	78.7

- Strong free cash flow of 79.5 million CHF (2010: 78.7 million CHF)
- Sale of LMW shares and divestment of Rieter Lakshmi Machine Works share contributed further 52.2 million CHF to free cash flow
- Free cash flow before divestments at 27.3 million CHF despite higher capital expenditures

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Strategic intent

Organic growth / growth by acquisitions

- Stay No. 1 in the high segment, become at least No. 2 in the mid segment
- Strengthen position in China and India
- Close product gaps through innovation and external opportunities

Innovation

- Improve yarn quality
- Increase fiber yield / productivity
- Achieve cost and energy savings (for spinning mills)

Cycle management

- Maintain break-even focus
- Generate free cash flow throughout the cycle
- Keep key know-how

Guidance over the cycle

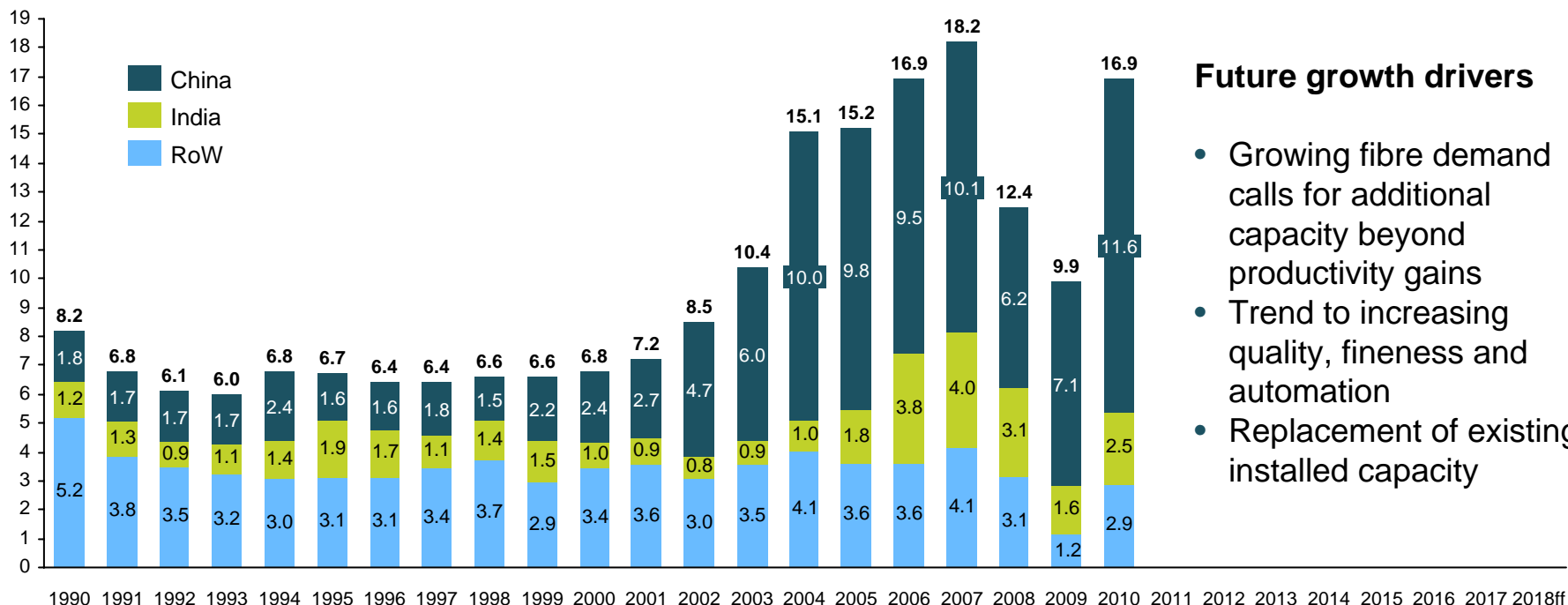
	Over the cycle
Sales	Sales growth of > 5%
EBIT margin	> 9% over the cycle, peak years > 12%
Net result	> 6 % over the cycle, peak years > 8%
RONA	peak years > 14%
Capex	4 – 5 % of corporate output
Dividend policy	Target pay-out ratio of approx. 30% of net result

Expansion in Asia: Markets by geography



Markets in India and China will continue to drive growth

Spindle equivalents (shipments) - in million



Future growth drivers

- Growing fibre demand calls for additional capacity beyond productivity gains
- Trend to increasing quality, fineness and automation
- Replacement of existing installed capacity

Comments:

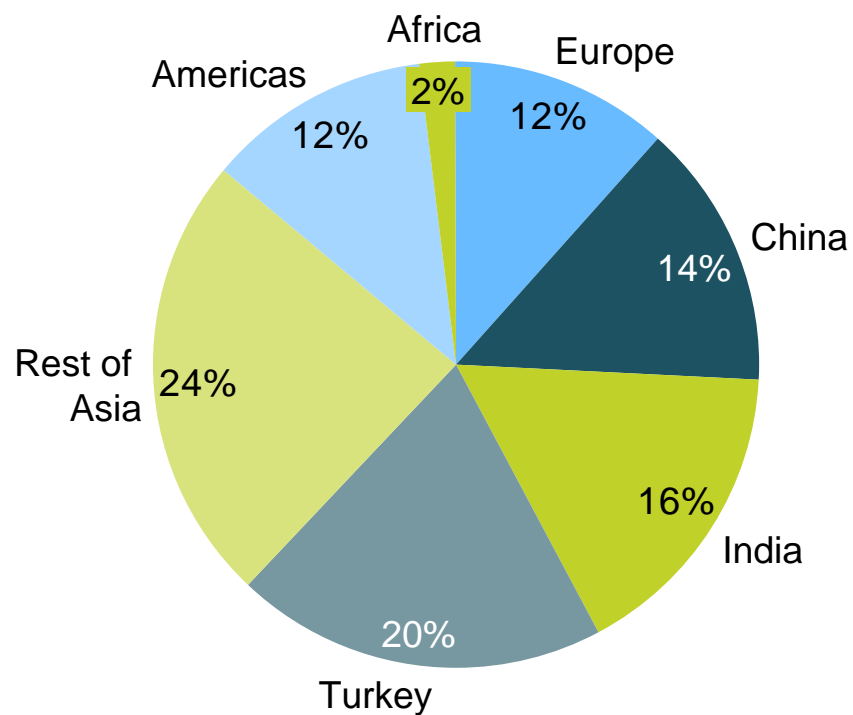
- 1 Rotor = Equivalent of 6 Ring-spindles
- 1 Air-jet = Equivalent of 20 Ring-spindles

Source: ITMF, Rieter

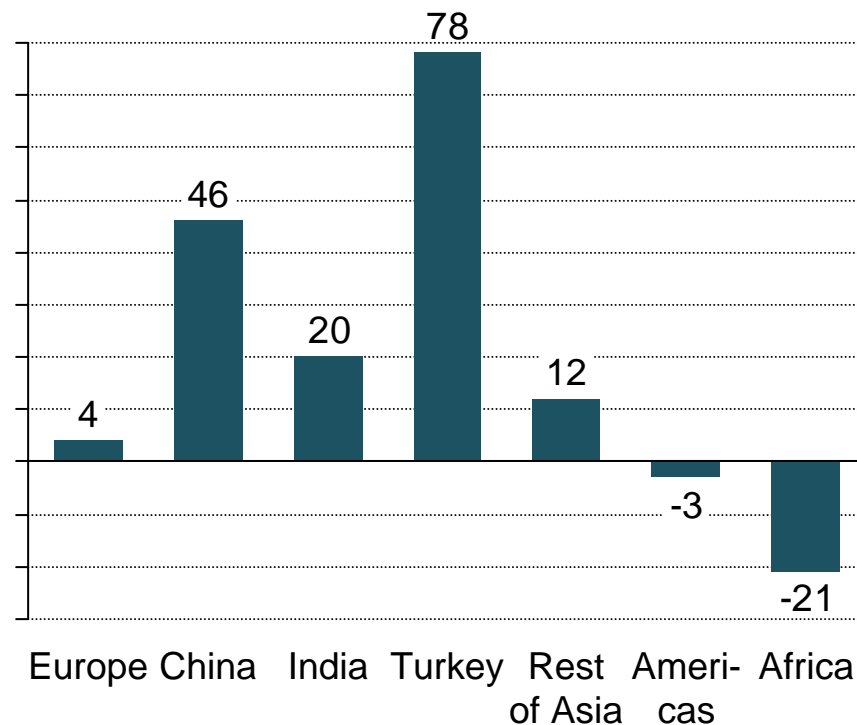
Expansion in Asia: Sales distribution 2011

Sales and growth are well-distributed across the relevant markets

2011, sales distribution in %



2011, sales growth in %

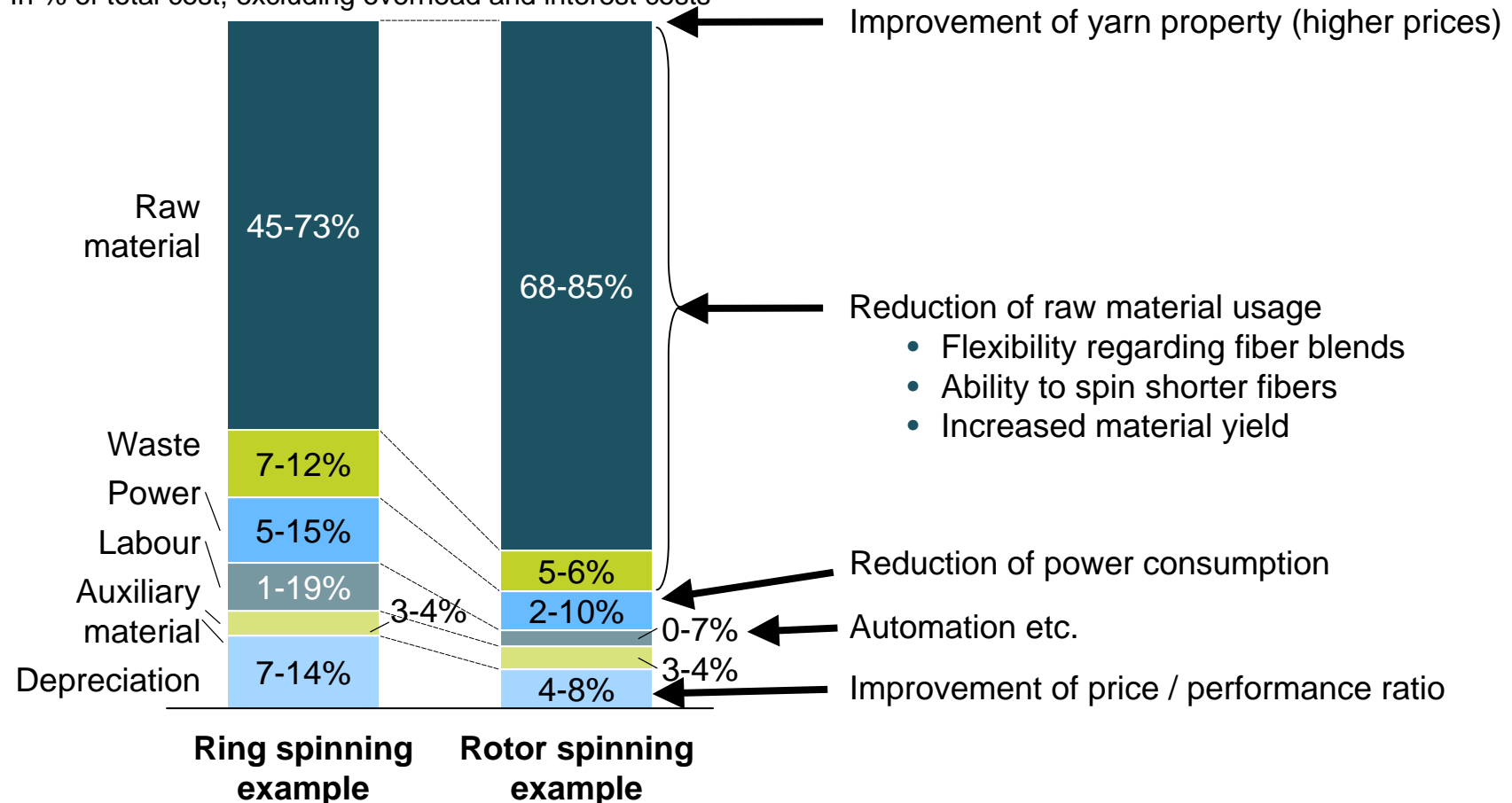


Innovation: Rieter's focus

SYS and PTC are focused on improving customer's competitive position

Cost structure of a spinning mill

In % of total cost, excluding overhead and interest costs



Source: ITMF International cost comparison 2010; values are range over 8 countries (Brazil, China, Egypt, India, Italy, Korea, Turkey and USA)

Innovation: Example spinning preparation SYS



Keeping quality at higher productivity with lower energy consumption

Example: Card



Example: Comber



	C 70	C 60	%
Introduction	2011	2008	
Technical solution	Largest active carding area	1.5m technology	
Max. Productivity	280 kg/h sliver	240 kg/h sliver	+17
Energy	0.047* kW / kg	0.055 kW / kg	-15

	E 80	E 76	%
	2012	2007	
	Largest active combing area + 45%	500 nips/min	
	84 kg/h sliver	74 kg/h sliver	+14
	3.8 KW / kg	4.2 KW / kg	-10

*at 225 kg

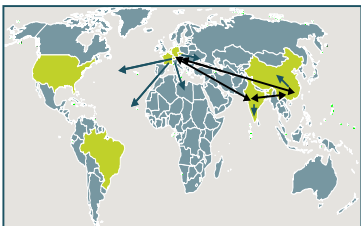
Continued intensity of strategy implementation in 2012 / 2013



- **Expansion in Asia:** Capacity expansion of production sites in Changzhou (China) and Pune (India)



- **Innovation:** Driving innovation, product pipeline and continuation of localization of product portfolio



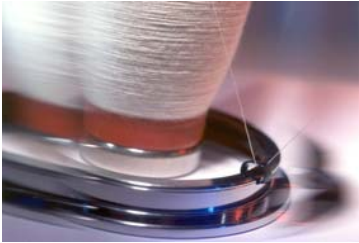
- **Process improvements:** Increased focus on operational excellence in all locations and process improvements in IT – supported global supply chain and administration

Additional Investments for 2012/2013:
~ 90 million CHF

Additional Investments for 2012/2013:
~ 50 million CHF

Financing for investments in 2012 / 2013 is in place

Clear criterias for target selection



- Selected acquisitions in the **components** business



- Closing product gaps in the **machinery** business

Criteria:

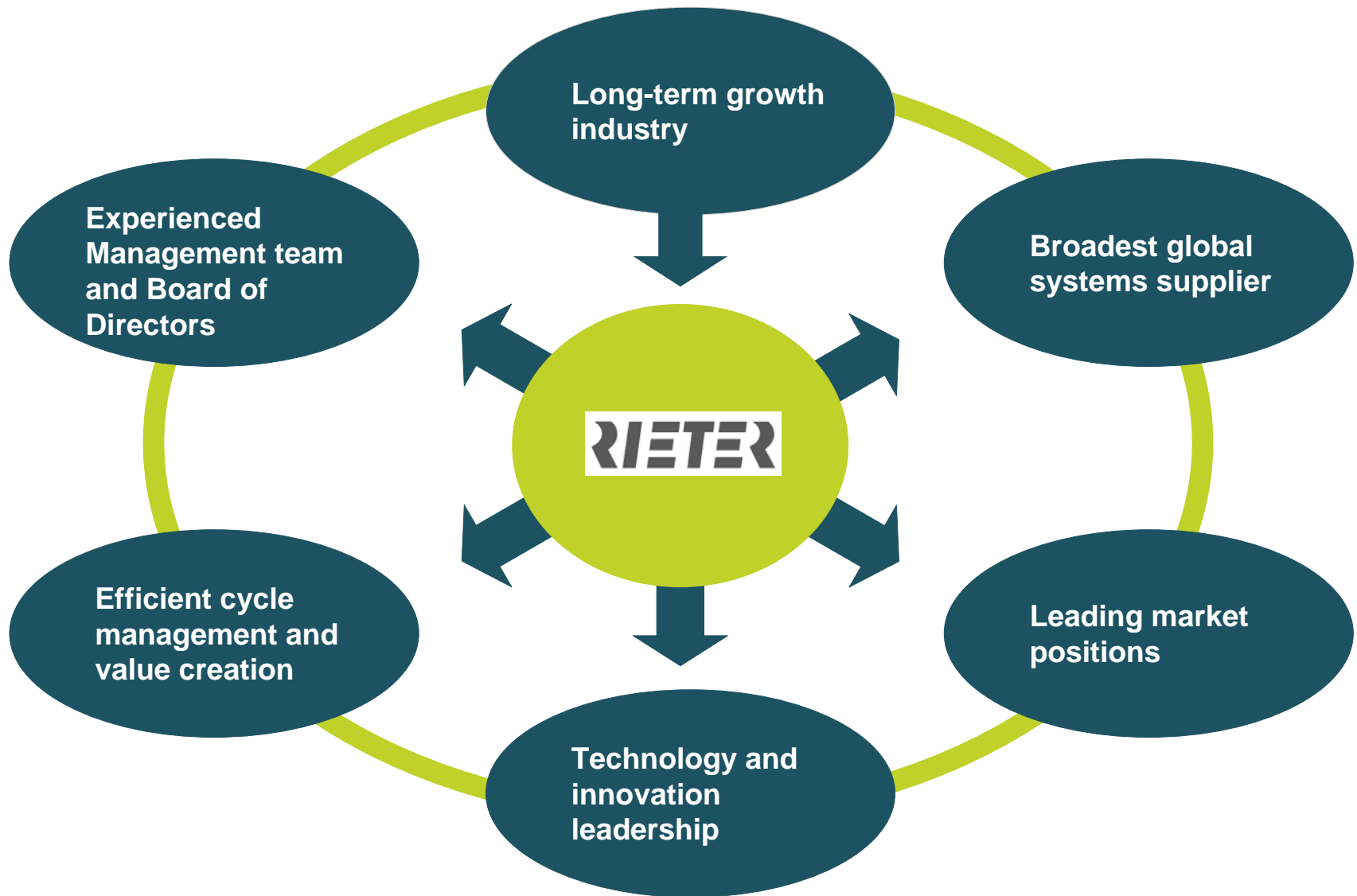
- Strong **brand** in the respective segment
- Improving **market access** or enhancing **product portfolio**
- Allowing **profitable** growth

AGM approved authorized capital to increase financial flexibility

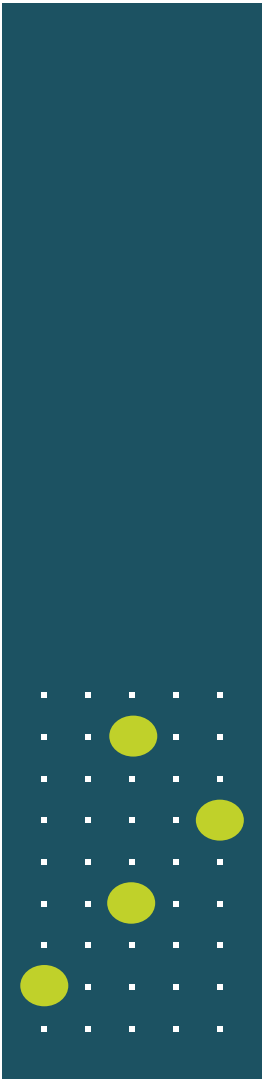
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- Rieter will continue intensified investment activity through the 2012 financial year to lay the foundations for further profitable growth. To accelerate expansion in Asia and product innovation, Rieter plans investment activities totaling around 90 million CHF in 2012 and 2013, about half of which due in 2012. Investments totaling around 50 million CHF are planned in 2012/2013 for further improving global processes, just over half of which in the financial year 2012.
- Rieter business activities are broadly based worldwide. Heterogeneous market development is expected for 2012. Due among other reasons to uncertain economic policies in major national markets, it is difficult to forecast textile machinery industry developments for the current year. Further trends depend on various factors including currency exchange rate developments, consumer sentiment in Europe and North America, fiber consumption growth in Asia, and raw material prices.
- Against this background Rieter currently reckons for this financial year with a sales decline in the high single-digit percentage range compared with prior year and a weaker trend in the first semester. The planned investment activity in growth projects will impact operating margin (EBIT) for 2012 and 2013 by about 1 percentage point, while investment activities in process improvement projects will reduce operating margin in these two years by another two percentage points. Disregarding these projects, Rieter expects volume-dependent profitability around the prior year level.

Key investment highlights of Rieter



Appendix



Full year 2011 results analyst presentation / conference call:

March 21, 2012

Annual General Assembly:

April 18, 2012

H1 2012 results publication / conference call:

July 25, 2012

Contact:

Media:

Erwin Stoller

Executive Chairman

T: +41 52 208 70 15

media@rieter.com

Investor relations:

Joris Gröflin

Chief Financial Officer

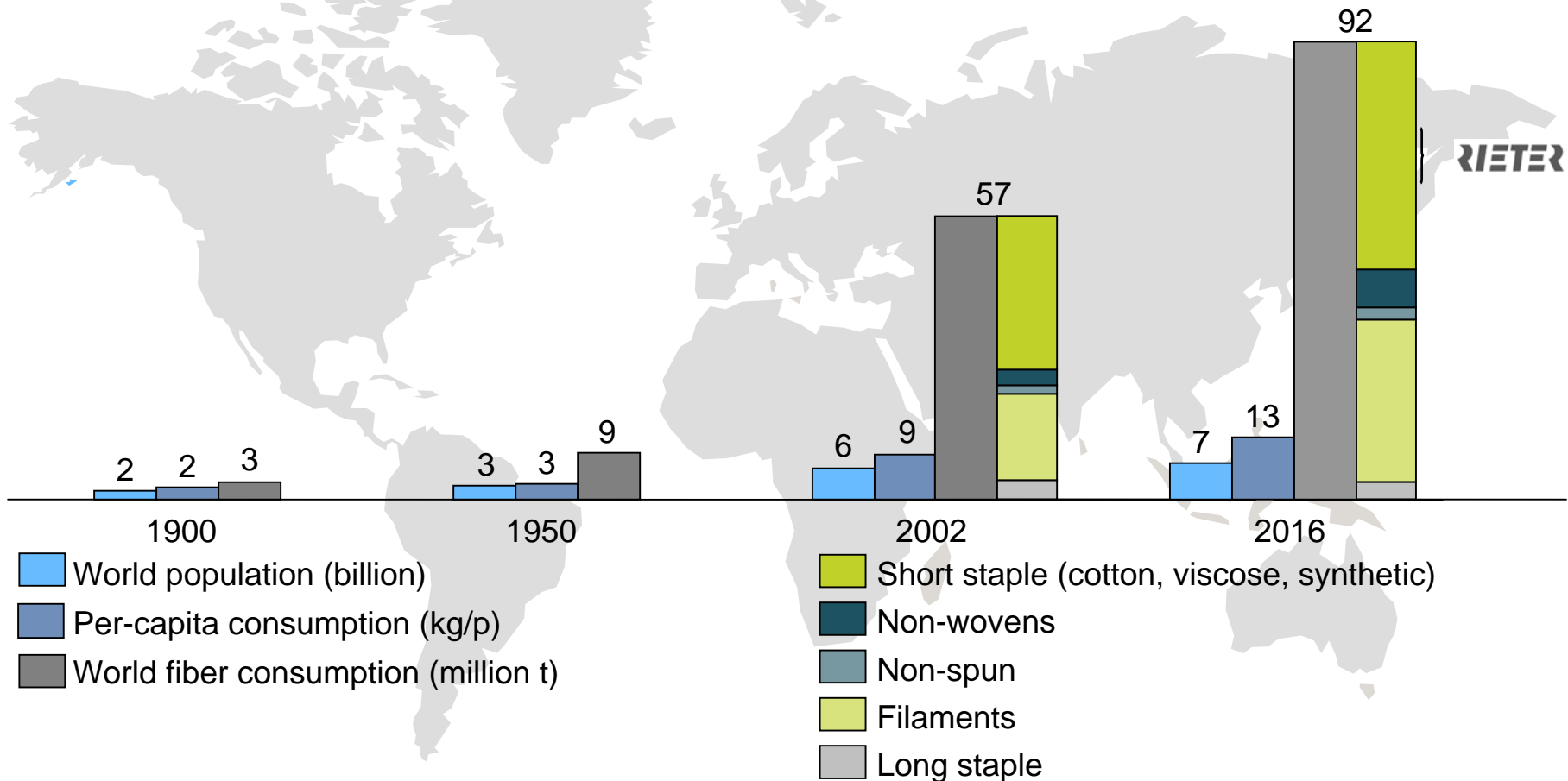
T: +41 52 208 70 15

investor@rieter.com

Long-term growth industry

Textile Business will keep on growing – short staple as largest segment

World population and fiber consumption growth

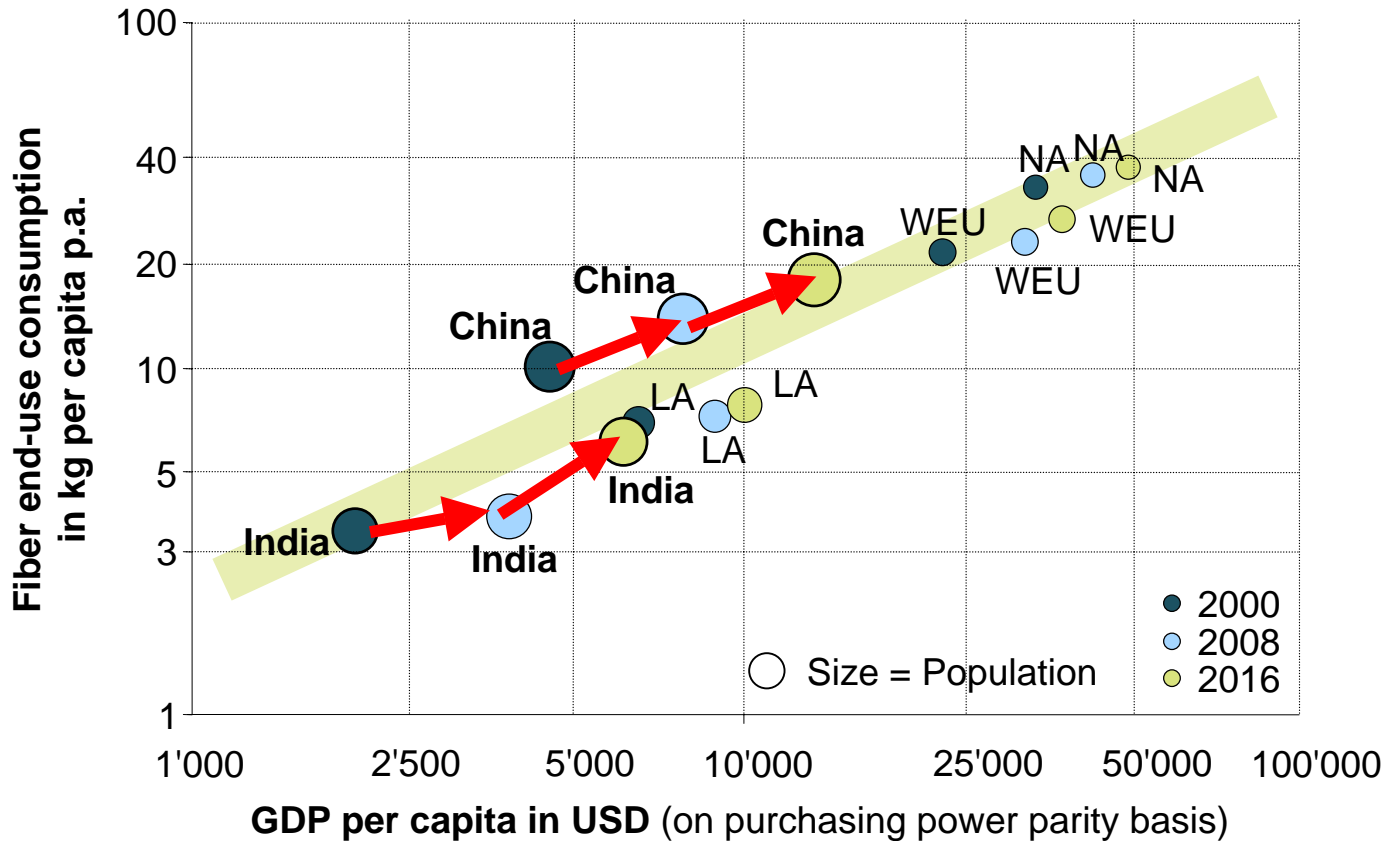


Source: PCI

Textile sector growth

Growth in GDP per capita – especially in China and India – is driving demand

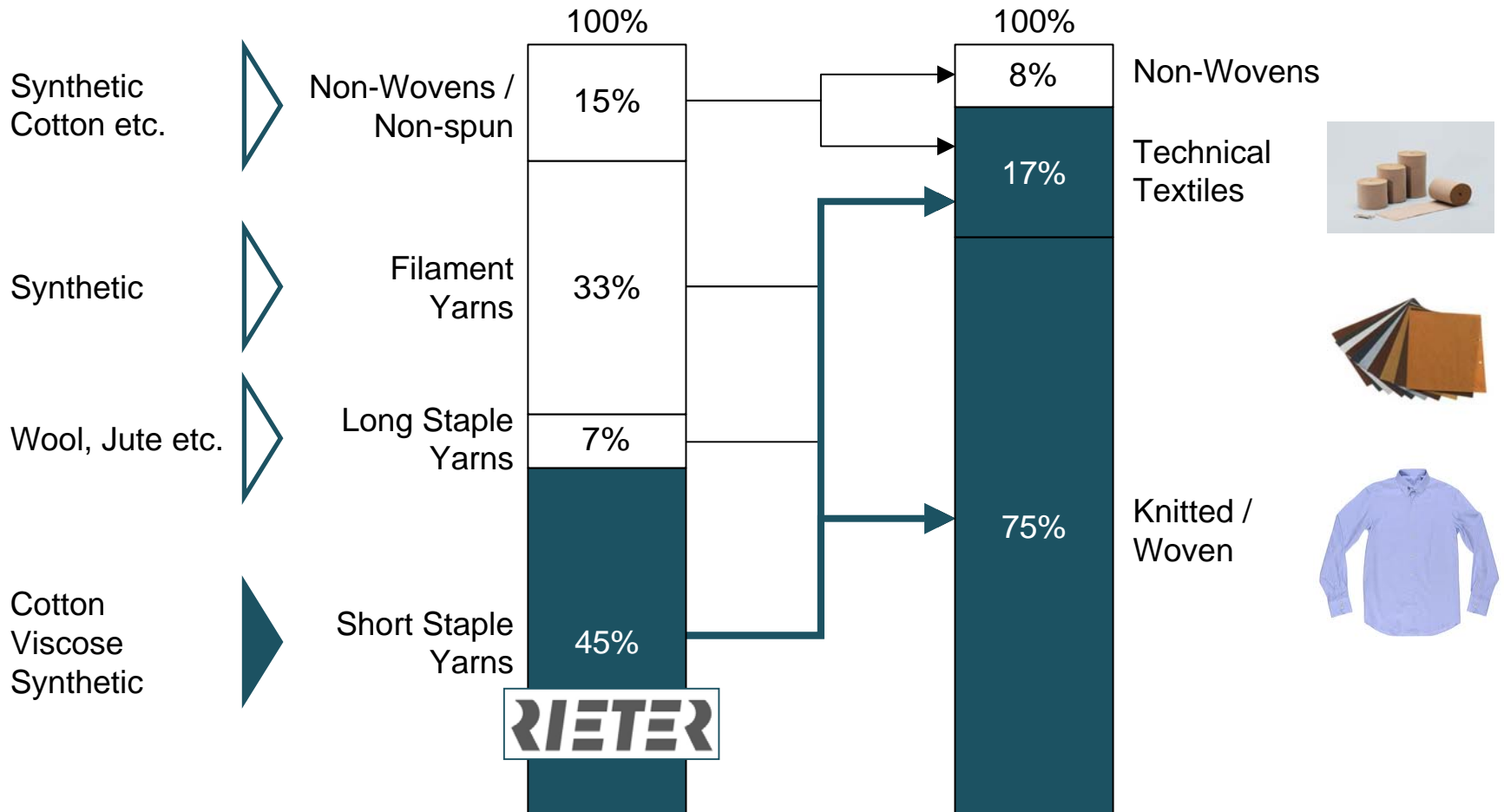
GDP and fiber consumption growth



Legend: NA = North America, LA = Latin America, WEU = Western Europe, China includes Hong Kong

Fibre consumption by type and growth

Rieter covers both man-made and natural fibers in short staple segment



Note: Estimates based on 2008 volumes

Fiber processes in short-staple spinning

Fiber (-mix) used in short staple spinning depends on final application

Cotton
(65-75%)



Viscose fibers
(5-10%)



Synthetic fibers
(25-30%)



Spinning

- Preparation
- Ring
- Compact
- Rotor
- Airjet
- Weaving / Knitting
- Finishing
- Ready-made clothing



Leading market positions

Spun Yarn Systems (SYS)

- Leading position in high segment for all fields of activity
- Recognised as an innovation leader with superior products

Preparation



Ring Conventional



Ring Compact



Rotor



Air-Jet



Transport Automation



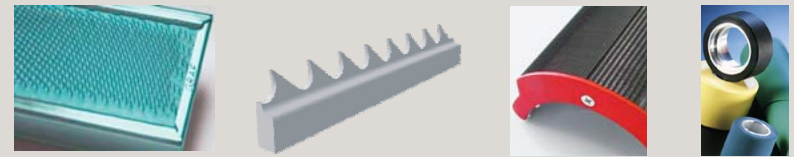
Monitoring



Premium Textile Components (PTC)

- Supply to 3rd party OEMs underlines position in textile components
- By far largest supplier of textile components for spinning machines

Preparation



Ring Conventional



Ring Compact



Rotor



Air-Jet



Technology and innovation leadership



Past break-through examples prove technology an innovation leadership

Machines – SYS

Com4 – compact spinning machine



1997

Semiauto-matic rotor-spinner



1998

Widest, self sharpening card



2001

Omega Lap (combing prep.)



2003/2004

Double-head autolevel. drawframe



2009

New Air-Jet machine



2010

1795

2001 Foundation of PTC

2011

Components – PTC

Titan ring



1997

EliTe compacting unit for ring spinning



2002

Novibra energy saving spindle



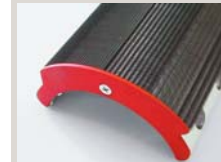
2003

Camel-wire for best carding results



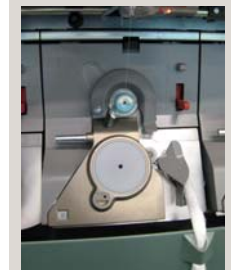
2009

Prima-comb 9015



2009

S-60 Rotorbox

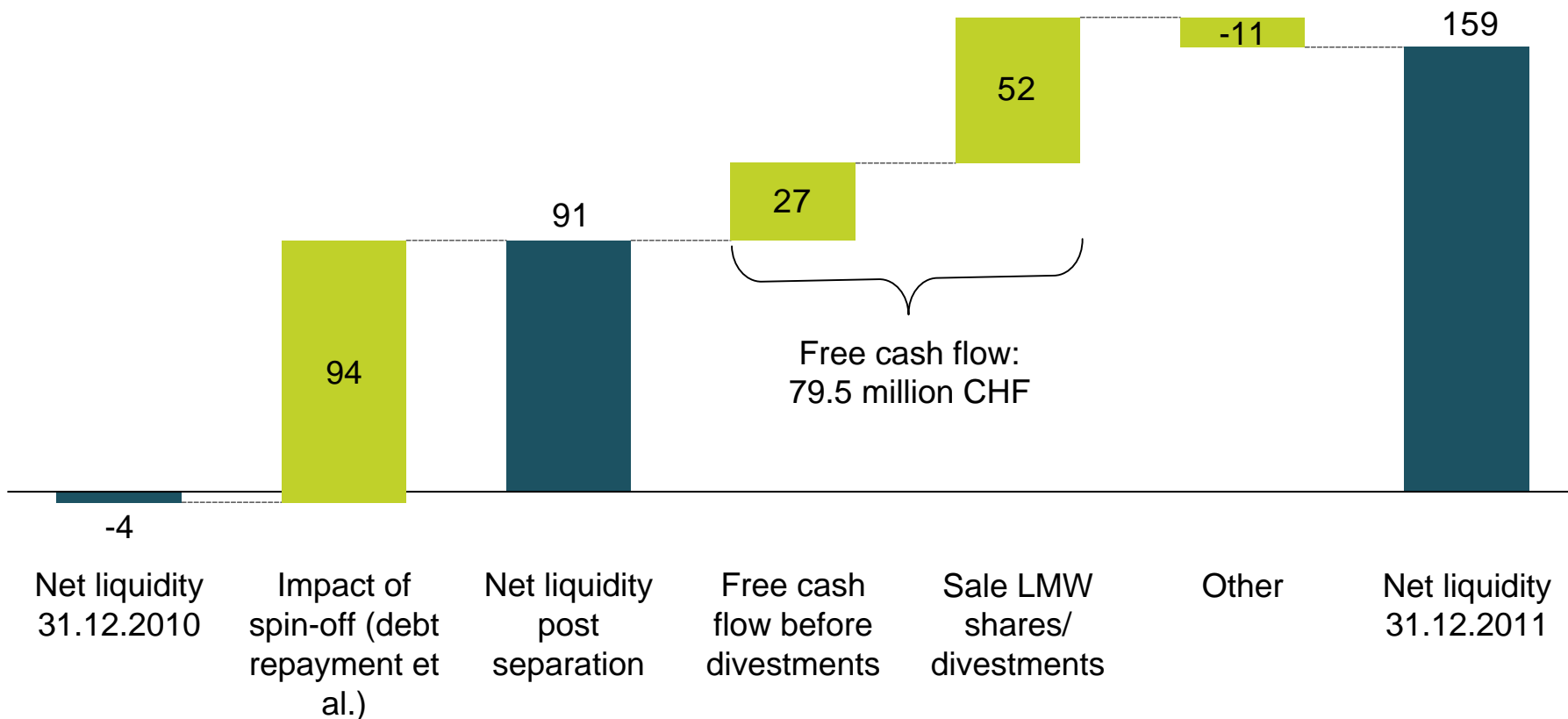


2011

Net liquidity

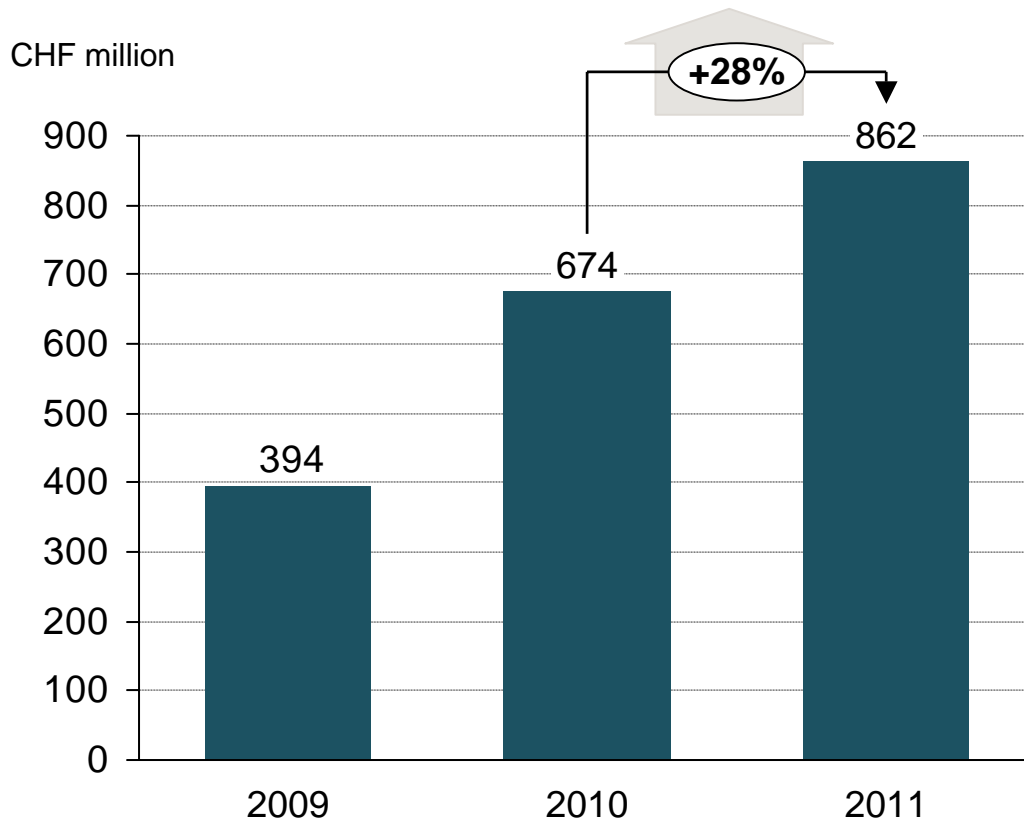
Net liquidity positively impacted by strong free cash flow

CHF million



Spun Yarn Systems: Sales

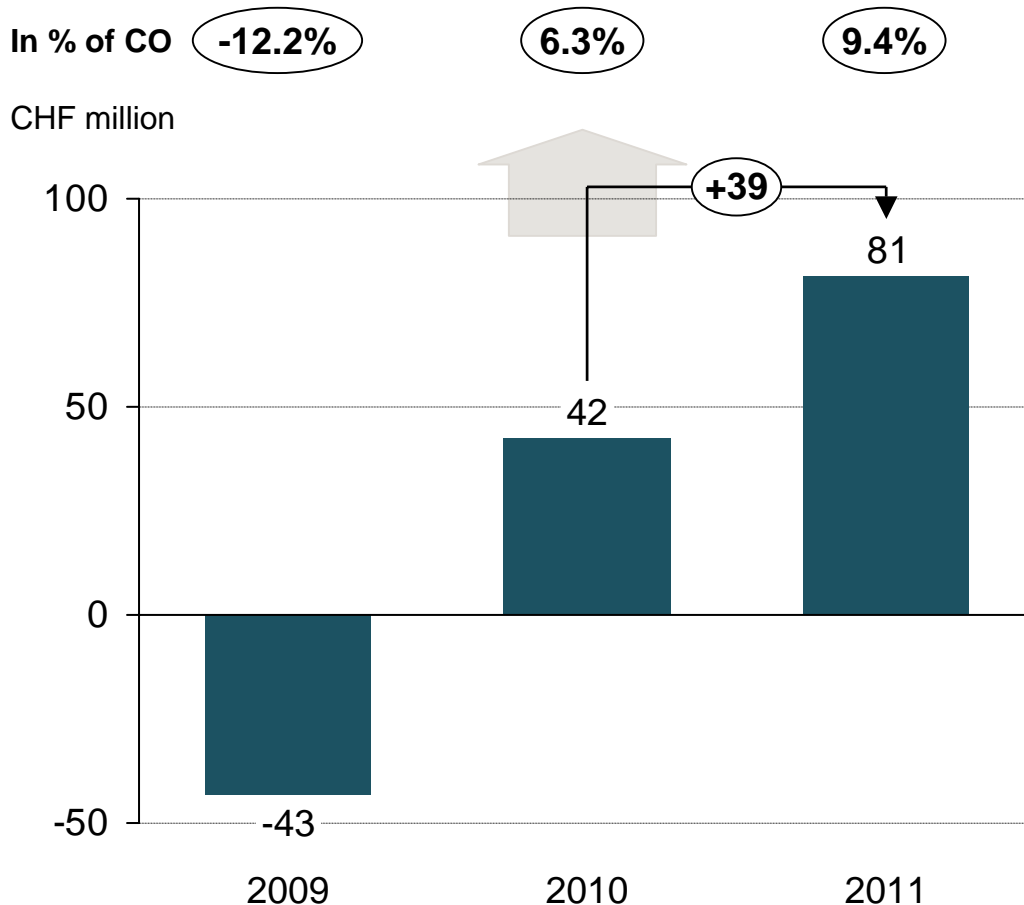
Striking increase of sales by 28%



- Sales in 2011 have been profiting from high order intake till end of first quarter 2011
- Regionally well diversified sales across 45 countries
- Product success with C 70 card and products for the local markets in India and China (G 32 ring spin, R 923 semi-automatic rotor spin and RSB D 22 drawframe) allowed strengthening of market position
- Capacity constraints led to high delivery times, which were reduced till end of year

Spun Yarn Systems: Operating result (EBIT)

EBIT increased by 39 million CHF to good 9.4% of corporate output



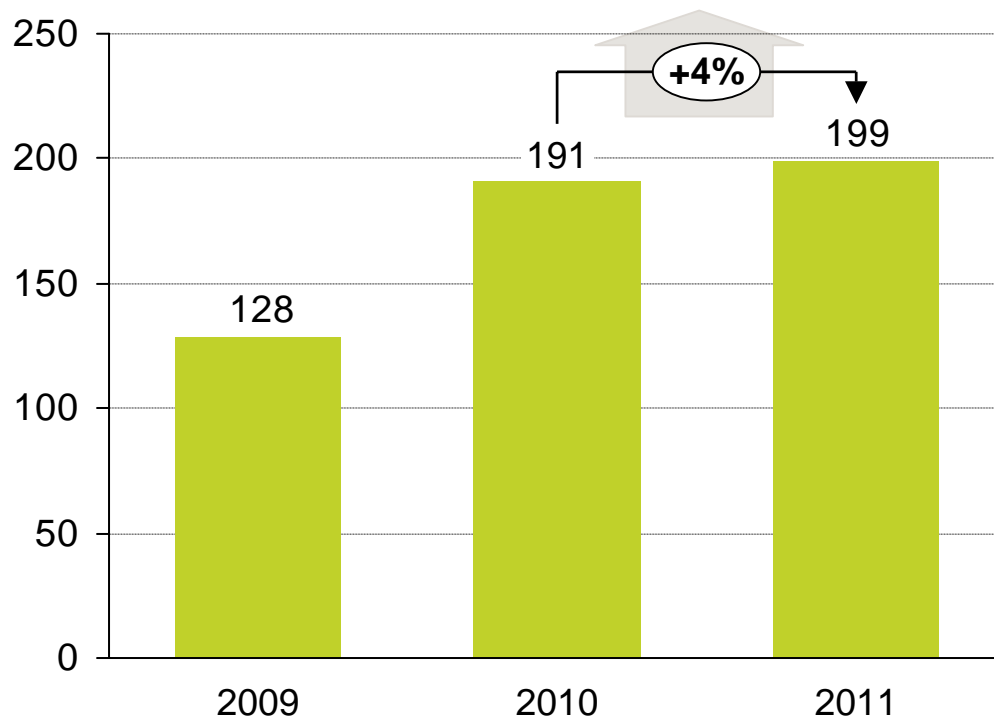
- Profitability increase mainly volume-driven thanks to high utilization of capacities and continuous improvement of manufacturing cost
- Profitability in second half year negatively impacted by
 - Pressure on Swiss franc denominated prices
 - Increased investments in expansion in Asia (China and India), product development and process improvements

Premium Textile Components: Sales



Sales and corporate output increased by 4% and 15%, respectively

CHF million

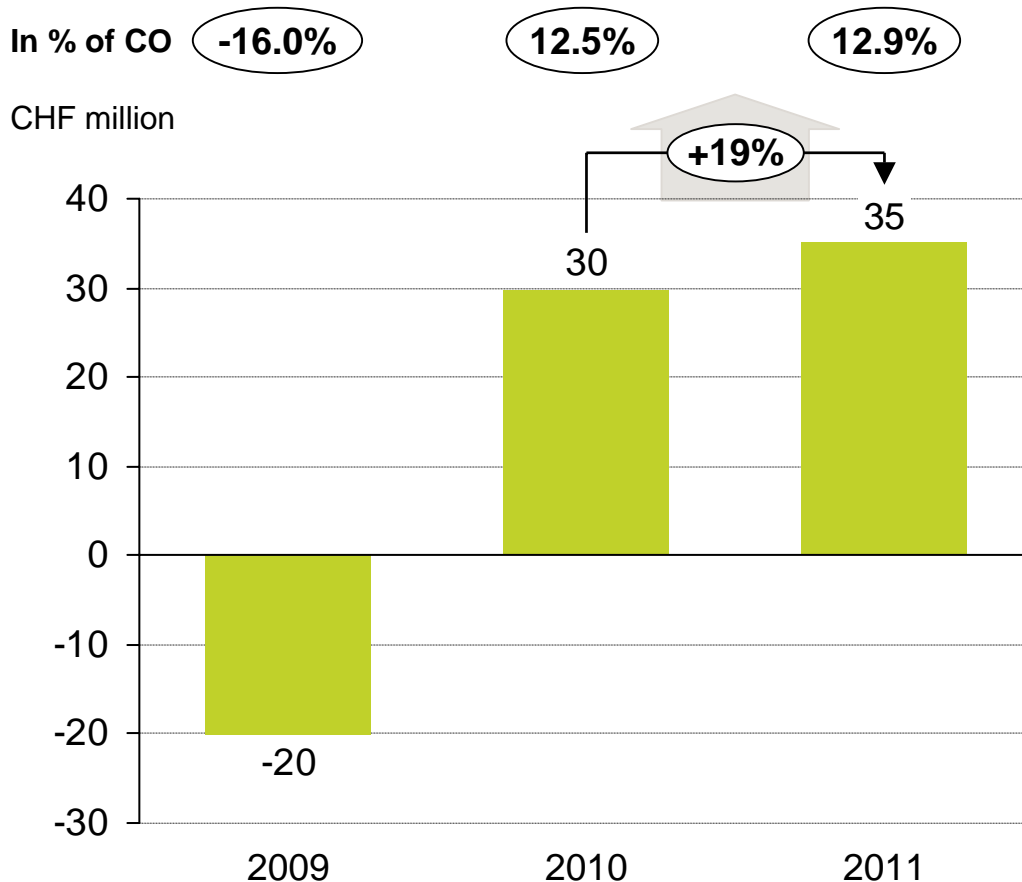


- Sales of 199.1 million CHF in 2011 have been profiting from high order intake till end of first quarter 2011 and were at strong 112.7 million CHF in the first half year, but dropped due to the market slow-down to 86.4 million CHF in the second half of the year
- Capacity constraints at mid-year volumes eased due to demand slow-down
- Corporate output increased by 15% to 272.6 (2010: 237.2) million CHF, reflecting the importance of Premium Textile Components also as an internal supplier of key components to Spun Yarn Systems
- Sales increased by 4% (in local currencies +11%), corporate output by 15% against 2010

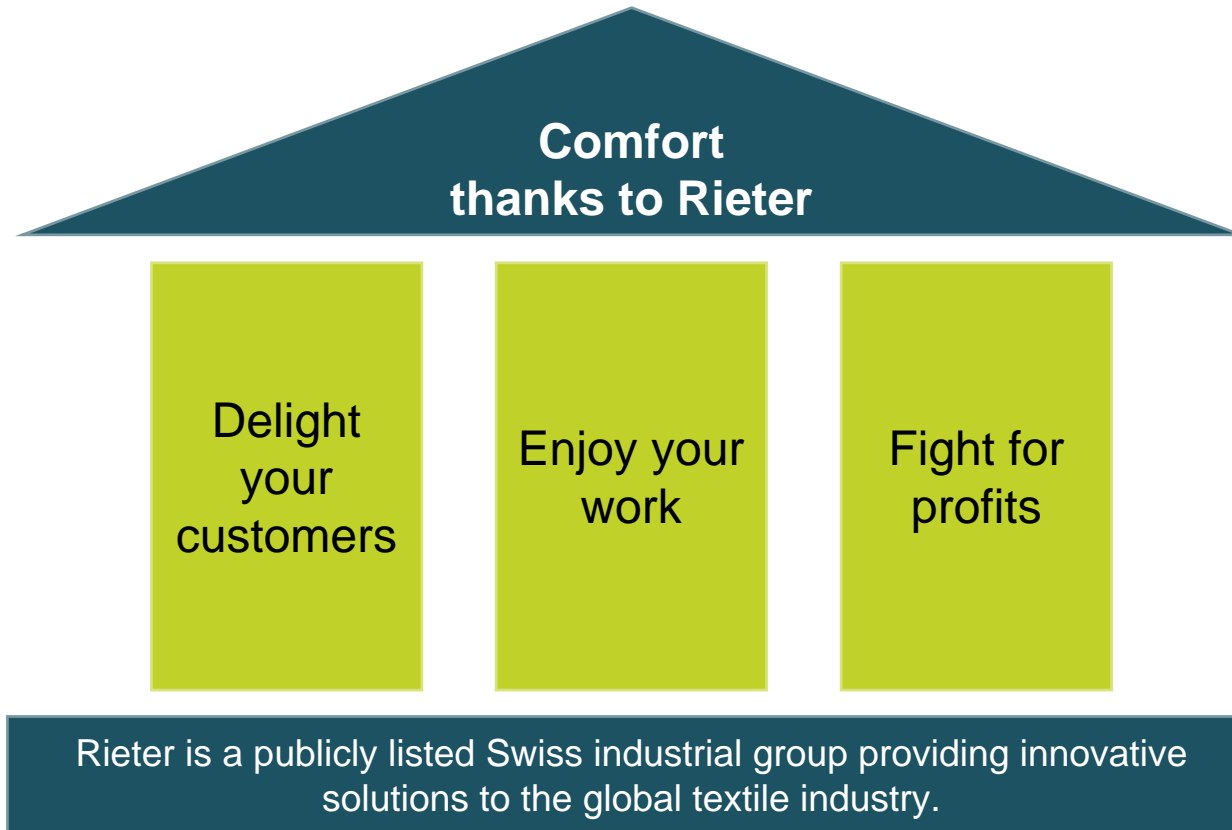
Premium Textile Components: Operating result (EBIT)



EBIT increased by 5 million CHF to good 12.9% of corporate output



- Profitability increase mainly due to
 - Volume increase leading to high utilization of capacities in the first half year
 - Consequent adaptation to lower volumes in the second half year
- Profitability in second half year negatively impacted by
 - Sales decrease in second half year 2011
 - Pressure on Swiss franc denominated prices
 - Increased investments in product development, expansion in Asia (China and India) and process improvements



Key data per share



Rieter registered shares of 5 CHF nominal value Bloomberg: RIEN; Reuters: RITZn	31.12.2011	30.06.2011	31.12.2010
Shares outstanding excl. own shares (end of period)	4'629'335	4'629'445	4'618'869
Average shares (of period)	4'625'281	4'621'782	4'640'220
Share price (end of period) CHF	141.10	219.50	242.95*
Market capitalization (end of period) million CHF	653	1'016	1'122*

* Source: Bloomberg – adjusted for distribution of special dividend (separation of Autoneum – AUTN)

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