



RIETER

Semi-Annual Report 2017

Committed to Service Excellence

Rieter at a glance

CHF million	January – June 2017	July – December 2016	January – June 2016	Change ¹
Rieter				
Order intake	495.2	394.5	510.7	-3%
Sales	415.2	508.1	436.9	-5%
Operating result before interest, taxes, depreciation and amortization (EBITDA)	34.8	61.4	34.4	1%
• in % of sales	8.4%	12.1%	7.9%	
Operating result before interest and taxes (EBIT)	16.0	40.8	15.7	2%
• in % of sales	3.9%	8.0%	3.6%	
Net profit	10.9	31.7	11.0	-1%
• in % of sales	2.6%	6.2%	2.5%	
Basic earnings per share (CHF)	2.39	6.97	2.42	-1%
Purchase of tangible fixed and intangible assets	7.7	20.2	10.7	-28%
Number of employees (excluding temporaries) at the end of the reporting period	5 232 ²	5 022	5 067	3%
Machines & Systems Business Group				
Order intake	325.2	248.2	343.4	-5%
Sales	255.1	346.5	256.9	-1%
Operating result before interest and taxes (EBIT)	-3.8	15.7	-12.1	-69%
• in % of sales	-1.5%	4.5%	-4.7%	
After Sales Business Group				
Order intake	77.7	64.0	71.2	9%
Sales	70.1	70.9	70.7	-1%
Operating result before interest and taxes (EBIT)	12.8	12.3	13.2	-3%
• in % of sales	18.3%	17.3%	18.7%	
Components Business Group				
Order intake	92.3	82.3	96.1	-4%
Sales	90.0	90.7	109.3	-18%
Total segment sales	128.8	130.0	141.3	-9%
Operating result before interest and taxes (EBIT)	12.6	16.7	18.4	-32%
• in % of segment sales	9.8%	12.8%	13.0%	

¹ Change January – June 2017 vs. January – June 2016

² Including number of employees of SSM Textile Machinery

Semi-Annual Report 2017

4	Letter to the shareholders
8	Consolidated income statement
8	Consolidated statement of comprehensive income
9	Consolidated balance sheet
9	Consolidated statement of changes in equity
10	Consolidated statement of cash flows
10	Notes to the consolidated semi-annual financial statements



Bernhard Jucker
Chairman of the Board of Directors

Dr. Norbert Klapper
Chief Executive Officer

Demand picks up in the first half of 2017

- **Order intake in the first half of 2017 increases by 26% compared to the second half of 2016**
- **Sales in the first half of 2017 reaches CHF 415.2 million, compared to CHF 436.9 million in the same period last year**
- **EBIT of CHF 16.0 million and net profit of CHF 10.9 million at the previous year's level**
- **Acquisition of SSM – a move into adjacent fields of the textile value chain**

Dear shareholder

Due to increasing demand since March 2017, Rieter posted order intake of CHF 495.2 million in the first half of 2017. This was 3% below the previous year's level (first half year 2016: CHF 510.7 million) and with an increase of 26% was well above the second half of 2016 (CHF 394.5 million).

At CHF 415.2 million, sales were 5% down on the previous year (first half year 2016: CHF 436.9 million). On these sales, Rieter generated an EBITDA of CHF 34.8 million (first half

year 2016: CHF 34.4 million) and an EBITDA margin of 8.4% (first half year 2016: 7.9%).

The order backlog rose to around CHF 545 million (December 31, 2016: around CHF 440 million). It already extends into 2018.

Sales trend by region

In the period under review, Rieter achieved the most significant sales in Asian countries (not including China, India and Turkey) with a total of CHF 111.2 million. The decline in sales compared to the previous year was mainly due to reduced shipments to Bangladesh and Vietnam. The order intake recorded in the period showed a positive development. It was significantly above the accomplished sales and benefited from the dynamism of the Central Asian countries.

In China, sales declined by 20% compared to the first half of 2016, to CHF 83.8 million, with one third of sales generated in Xinjiang province. Order intake was slightly below sales. In the second quarter of 2017, Rieter recorded increasing demand for the model R 36 of the semi-automatic rotor spinning machine, which was introduced in 2016.

In India, at CHF 94.7 million, sales exceeded the previous year's level by 16%. This is mainly due to the delivery of compact spinning machines K 42 and EliTe compact spinning systems, which were ordered in the second half of 2016. While the first months were characterized by restraint due to the "demonetization" at the end of 2016, demand in the second half of the semester was increasingly robust.

Increasing demand since March 2017

CHF million	January – June 2017	January – June 2016	Change	Change in local currency
Sales	415.2	436.9	- 5%	- 5%
Asian countries ¹	111.2	152.3	- 27%	- 26%
China	83.8	105.1	- 20%	- 18%
India	94.7	81.5	16%	14%
Turkey	49.1	31.7	55%	56%
North and South America	42.7	45.4	- 6%	- 7%
Europe	17.9	15.5	15%	16%
Africa	15.8	5.4	191%	191%

1 Without China, India and Turkey

In Turkey, with sales of CHF 49.1 million, Rieter generated growth of 55% compared to the previous year, which was attributable to the delivery of orders from the previous year's period. The hesitant recovery in the last two months of the reporting period meant that order intake was below the level of sales.

In terms of sales and order intake, the North and South America and Africa regions were characterized by large individual orders in the machinery business.

Business groups

The Machines & Systems Business Group benefited from growing demand since March 2017. At CHF 325.2 million, order intake was down 5% on the previous year (first half year 2016: CHF 343.4 million). Here, Machines & Systems succeeded in largely compensating for the low level of order intake from Turkey by fulfilling projects from other regions, in particular thanks to orders for the ring spinning machine G 32. In addition, the first orders were booked for the further developed air-jet spinning machine J 26.

In the first half of 2017, Machines & Systems achieved sales of CHF 255.1 million, thereby roughly matching the level of the previous year (first half year 2016: CHF 256.9 million). As a result of the cost reduction measures implemented in Winterthur (Switzerland), Machines & Systems significantly improved the loss on the EBIT level, from CHF -12.1 million (first half year 2016) to CHF -3.8 million in the first half of 2017.

The order intake of the After Sales Business Group showed positive growth. Thus, order intake increased by 9% to CHF 77.7 million (first half year 2016: CHF 71.2 million). Sales were stable at CHF 70.1 million (first half year 2016: CHF 70.7 million). Continued investments in the expansion of the business meant that, at CHF 12.8 million, the business group's EBIT in the first half of 2017 fell slightly below the previous year's level (first half year 2016: CHF 13.2 million).

The Components Business Group also benefited from growing demand since March 2017. At CHF 92.3 million, order intake was below the first half of 2016 (CHF 96.1 million), but significantly higher than the second half of 2016 (CHF 82.3 mil-

CHF million	January – June 2017	January – June 2016	Change	Change in local currency
Order intake	495.2	510.7	- 3%	- 3%
Machines & Systems	325.2	343.4	- 5%	- 5%
After Sales	77.7	71.2	9%	9%
Components	92.3	96.1	- 4%	- 3%
Sales	415.2	436.9	- 5%	- 5%
Machines & Systems	255.1	256.9	- 1%	0%
After Sales	70.1	70.7	- 1%	- 1%
Components	90.0	109.3	- 18%	- 17%

lion). The lower order intake in the second half of 2016 led to a corresponding decline in sales in the first half of 2017, to CHF 90.0 million, compared to an extra-ordinarily strong comparison period (first half year 2016: CHF 109.3 million). Product mix and the resulting lower utilization of individual plants led to an EBIT decline to CHF 12.6 million in the first half year (first half year 2016: CHF 18.4 million).

As of June 30, 2017, the Rieter Group had 5 232 employees (June 30, 2016: 5 067 employees). This figure includes the newly added employees of SSM Textile Machinery. In addition, as of June 30, 2017, Rieter had 652 temporary employees (June 30, 2016: 574 temporary employees).

Operating result and net profit

Rieter's first half year in 2017 was characterized by improved profitability in the Machines & Systems Business Group, a stable result for After Sales and a weaker result in Components. EBIT reached CHF 16.0 million, which compared to the previous year corresponds to a slightly higher margin of around 3.9% of sales (first half year 2016: CHF 15.7 million and 3.6%, respectively). In the first six months of 2017, Rieter achieved a net profit of CHF 10.9 million, thereby reaching the previous year's level (first half year 2016: CHF 11.0 million).

Acquisition of SSM Textile Machinery

On June 30, 2017, Rieter acquired the SSM Textile Machinery Division (SSM) from Schweiter Technologies AG in Horgen, Switzerland. SSM is the world's leading supplier of precision winding machines in the fields of dyeing, weaving and sewing thread preparation and enjoys success in individual segments of filament yarn production. The business has been attached to Rieter's Components Business Group as an independent unit.

The purchase price for SSM of CHF 124.2 million consists of an enterprise value of CHF 100.2 million and cash and cash equivalents of CHF 24.0 million and was financed from existing funds. The transaction costs of CHF 1.9 million related directly to the acquisition, of which CHF 1.3 million was incurred in the first half of 2017 and CHF 0.6 million in the 2016 financial year, were recorded in the income statement.

Acquisition of SSM Textile Machinery completed

Free cash flow and balance sheet

The Group reported a free cash flow of CHF -125.6 million (first half year 2016: CHF 4.5 million) during the reporting period. This development is mainly due to the cash outflow of CHF 100.2 million for the acquisition of SSM Textile Machinery and a temporary increase in net working capital. After payment of a dividend of CHF 22.6 million (CHF 5.00 per share) out of legal capital reserve in April 2017, as at June 30, 2017, cash and cash equivalents, marketable securities and time deposits amounted to CHF 207.5 million and net liquidity to CHF 101.3 million.

Rieter had an equity ratio of 43.8% on the balance sheet date (June 30, 2016: 43.8%).

Improvement program STEP UP

In the first half of 2017, Rieter again focused on innovations, after sales excellence and increasing profitability.

Innovations: Rieter is specifically focused on the development of new products and services. The single-head draw frame generation RSB-D 50, which was successfully introduced in 2016, registered strong demand in the second quarter of 2017. In the first half of 2017, the Group invested a total of CHF 22.8 million in research and development. This corresponds to 5.5% of sales.

After Sales Excellence: The After Sales Business Group aims to increase sales to CHF 166 million by 2018, representing growth of 30% compared to 2014. In the period under review, Rieter continued to work on this target as planned. Thus, spare parts logistics were contracted out to a service provider within the framework of a European solution, which will allow Rieter to achieve a significant reduction in delivery times. At the same time, Rieter opened a service branch in Kahramanmaraş, to support its customers in the south east of Turkey with an even faster and better service. The order intake of CHF 77.7 million in the first half of 2017 underlines the growth ambitions.

Increasing Profitability: As announced on February 1, 2017, Rieter plans to relocate production from the Ingolstadt site in Germany to the Ústí site in the Czech Republic. Rieter is currently negotiating with the employees' representatives.

Outlook

In the first half year, demand for components, spare parts and services was stable and order intake for new machines increased.

Despite the still low visibility, Rieter assumes that demand will develop at the level of the first half year in the coming months.

The acquisition of SSM Textile Machinery will make a positive contribution to sales and EBITDA in the second half of 2017.

Overall in 2017, Rieter expects slightly higher sales than in the previous year and an EBIT slightly below the previous year (before restructuring costs), due to the product and country mix.

At the appropriate time, Rieter will provide information on the restructuring costs associated with the reorganization concept for the Ingolstadt site in Germany, which was announced on February 1, 2017.

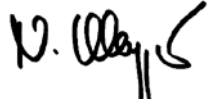
Winterthur, July 20, 2017

Bernhard Jucker



Chairman
of the Board of Directors

Dr. Norbert Klapper



Chief Executive Officer

Consolidated income statement

	Notes	January – June 2017		January – June 2016		January – December 2016	
		CHF million	% ¹	CHF million	% ¹	CHF million	% ¹
Sales	(4)	415.2	100.0	436.9	100.0	945.0	100.0
Changes in semi-finished and finished goods		8.9	2.2	1.0	0.2	-30.1	-3.2
Own work capitalized		0.2	0.0	0.2	0.1	0.8	0.1
Material costs		-187.3	-45.1	-189.1	-43.3	-404.1	-42.8
Personnel expenses		-137.5	-33.1	-143.2	-32.8	-273.4	-28.9
Other operating income		8.7	2.1	10.0	2.3	24.5	2.6
Other operating expenses		-73.4	-17.7	-81.3	-18.6	-166.9	-17.7
Depreciation and amortization		-18.8	-4.5	-18.8	-4.3	-39.3	-4.1
Operating result before interest and taxes (EBIT)		16.0	3.9	15.7	3.6	56.5	6.0
Financial result		-2.1		-1.8		-2.7	
Profit before taxes		13.9	3.3	13.9	3.2	53.8	5.7
Income taxes		-3.0		-2.9		-11.1	
Net profit		10.9	2.6	11.0	2.5	42.7	4.5
Attributable to shareholders of Rieter Holding Ltd.		10.8		10.9		42.4	
Attributable to non-controlling interests		0.1		0.1		0.3	
Basic earnings per share (CHF)		2.39		2.42		9.39	
Diluted earnings per share (CHF)		2.38		2.42		9.38	

¹ In % of sales

Consolidated statement of comprehensive income

CHF million	January – June 2017	January – June 2016	January – December 2016
Net profit	10.9	11.0	42.7
Remeasurement of defined benefit plans	-4.2	4.2	1.9
Income taxes on remeasurement of defined benefit plans	0.9	-0.9	-0.7
Items that will not be reclassified to income statement, net of taxes	-3.3	3.3	1.2
Currency translation differences	-6.2	-6.2	-5.6
Income taxes on currency translation differences	0.4	0.0	0.0
Cash flow hedges	1.3	0.4	-1.4
Income taxes on cash flow hedges	-0.3	-0.1	0.3
Items that may be reclassified to income statement, net of taxes	-4.8	-5.9	-6.7
Total other comprehensive income	-8.1	-2.6	-5.5
Total comprehensive income	2.8	8.4	37.2
Attributable to shareholders of Rieter Holding Ltd.	2.8	8.4	36.9
Attributable to non-controlling interests	0.0	0.0	0.3

Consolidated balance sheet

CHF million	June 30, 2017 ¹	June 30, 2016	December 31, 2016
Assets			
Tangible fixed assets	229.3	246.9	237.2
Intangible assets	116.2	12.6	10.1
Defined benefit plan assets	57.3	70.6	62.7
Other non-current assets, deferred income tax assets	40.1	30.3	34.3
Non-current assets	442.9	360.4	344.3
Inventories	201.9	210.7	163.2
Trade receivables	82.8	54.1	59.4
Other current receivables	62.6	56.5	47.1
Marketable securities and time deposits	1.4	7.1	7.0
Cash and cash equivalents	206.1	298.3	365.6
	554.8	626.7	642.3
Assets classified as held for sale	11.3	0.0	11.5
Current assets	566.1	626.7	653.8
Assets	1 009.0	987.1	998.1
Shareholders' equity and liabilities			
Equity attributable to shareholders of Rieter Holding Ltd.	441.7	431.8	459.6
Equity attributable to non-controlling interests	0.7	0.9	1.1
Total shareholders' equity	442.4	432.7	460.7
Non-current financial debt	106.1	100.7	100.0
Non-current provisions	71.6	76.2	71.2
Defined benefit plan liabilities	31.8	28.8	25.9
Other non-current liabilities, deferred income tax liabilities	45.0	37.3	35.4
Non-current liabilities	254.5	243.0	232.5
Trade payables	83.2	66.6	79.4
Advance payments from customers	94.6	79.1	86.7
Current financial debt	0.1	10.9	9.1
Current provisions	25.6	30.1	26.5
Other current liabilities, current income tax liabilities	108.6	124.7	103.2
Current liabilities	312.1	311.4	304.9
Liabilities	566.6	554.4	537.4
Shareholders' equity and liabilities	1 009.0	987.1	998.1

¹ Including balance sheet of SSM Textile Machinery at June 30, 2017

Consolidated statement of changes in equity

CHF million	January – June 2017	January – June 2016	January – December 2016
Total shareholders' equity at the beginning of the financial year	460.7	443.8	443.8
Impact of changes in accounting policies (IFRS 9 adoption)	0.0	-0.7	-0.7
Income taxes on impact of changes in accounting policies	0.0	0.2	0.2
Total comprehensive income	2.8	8.4	37.2
Distribution of dividend out of legal capital reserve	-22.6	-20.3	-20.4
Changes in non-controlling interests	-1.1	0.0	0.0
Changes in treasury shares (incl. share-based compensation)	2.6	1.3	0.6
Total shareholders' equity at the end of the reporting period	442.4	432.7	460.7

Consolidated statement of cash flows

CHF million	Notes	January – June 2017	January – June 2016	January – December 2016
Net profit		10.9	11.0	42.7
Interest expenses/interest income		1.1	1.1	2.6
Income taxes		3.0	2.9	11.1
Depreciation of tangible fixed assets and amortization of intangible assets		18.8	18.8	39.3
Other non-cash expenses and income		3.4	1.0	-2.5
Change in net working capital, other		-55.1	-17.8	24.4
Interest received/paid		0.1	0.3	-1.0
Taxes paid		-5.4	-4.2	-14.4
Net cash from operating activities		-23.2	13.1	102.2
Purchase of tangible fixed and intangible assets		-7.7	-10.7	-30.9
Proceeds from disposals of tangible fixed and intangible assets		0.5	1.5	3.5
Purchase of/proceeds from disposals of other non-current assets		-1.0	0.4	-0.2
Sale/purchase of marketable securities and time deposits		6.0	0.2	1.7
Acquisition of subsidiaries	(2)	-100.2	0.0	0.0
Net cash from investing activities		-102.4	-8.6	-25.9
Dividend paid to shareholders of Rieter Holding Ltd.		-22.6	-20.3	-20.4
Sale/purchase of treasury shares		0.9	0.0	-0.6
Repayments of other financial debt		-4.0	-10.7	-13.4
Net cash from financing activities		-25.7	-31.0	-34.4
Currency effects on cash and cash equivalents		-8.2	-1.7	-2.8
Change in cash and cash equivalents		-159.5	-28.2	39.1
Cash and cash equivalents at the beginning of the financial year		365.6	326.5	326.5
Cash and cash equivalents at the end of the reporting period		206.1	298.3	365.6

Notes to the consolidated semi-annual financial statements

1 Basis for presentation and significant accounting policies

The consolidated semi-annual financial statements have been prepared in accordance with "IAS 34 Interim Financial Reporting". They are based on the financial statements of the individual group companies prepared in accordance with Rieter's uniform accounting policies as of June 30, 2017. The accounting policies summarized in the 2016 annual report have been amended in the 2017 financial year by the revised IFRS Standards and Interpretations. The implementation of these changes had no material impact on the consolidated semi-annual financial statements.

The consolidated semi-annual financial statements have not been audited by the statutory auditor. The consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated statement of cash flows are presented in condensed form.

The following foreign exchange rates of importance for Rieter were used for the preparation of the consolidated semi-annual financial statements as well as for the financial statements of group companies:

Country/region	Currency (unit)	January – June 2017	January – June 2016	Change	January – December 2016
China	100 CNY	14.46	15.02	-4%	14.83
Euro countries	1 EUR	1.08	1.10	-2%	1.09
India	100 INR	1.51	1.46	3%	1.47
Czech Republic	100 CZK	4.02	4.05	-1%	4.03
USA	1 USD	0.99	0.98	1%	0.98

2 Acquisition of the SSM Textile Machinery Division

On June 30, 2017, Rieter acquired the SSM Textile Machinery Division from Schweiter Technologies AG, Horgen (Switzerland). The SSM Textile Machinery Division (SSM) comprises the following companies: SSM Schärer Schweiter Mettler AG, Horgen (Switzerland), SSM Vertriebs AG, Steinhausen (Switzerland), SSM Giudici Srl., Galbiate (Italy) and SSM (Zhongshan) Ltd., Zhongshan (China). Rieter acquired 100% of the shares of these companies.

SSM is the world's leading supplier of precision winding machines in the fields of dyeing, weaving and sewing-thread preparation and enjoys success in individual segments of filament yarn production. In the financial year 2016 SSM generated net sales of CHF 85.9 million with 246 employees and achieved an EBITDA margin of 14.8% (EBITDA = operating result before interest, taxes, depreciation and amortization). In addition, SSM is represented worldwide with twelve of its own service stations and 80 agents in all major markets.

With this acquisition, Rieter is investing in adjacent fields of the textile value chain. SSM has a strong brand and generates stable cash flows with an attractive EBITDA margin.

SSM's expertise in the field of precision winding offers opportunities for Rieter in the business with short-staple spinning machines. SSM has been attached to the Components Business Group as an independent unit.

The purchase price for SSM was settled in cash and amounted to CHF 124.2 million. No contingent considerations have been agreed. The transaction costs of CHF 1.9 million related directly to the acquisition, of which CHF 1.3 million was incurred in the first half of 2017 and CHF 0.6 million in the 2016 financial year, were recorded in the income statement (under "Other operating expenses").

The balance sheet of SSM was incorporated in the consolidated balance sheet for the first time on June 30, 2017. Assets and liabilities were measured at fair value with the exceptions of defined benefit pension plan liabilities and deferred income taxes.

CHF million, provisional	June 30, 2017
Assets	
Tangible fixed assets	3.7
Intangible assets	58.7
Deferred income tax assets	1.0
Inventories	19.4
Trade receivables	8.6
Other current receivables	2.2
Cash and cash equivalents	24.0
Total assets	117.6
Liabilities	
Deferred income tax liabilities	11.7
Non-current provisions	1.9
Defined benefit plan liabilities	5.0
Trade payables	12.0
Advance payments from customers	5.7
Current income tax liabilities	1.1
Current provisions	1.2
Other current liabilities	4.5
Total liabilities	43.1
Purchase price	124.2
Net identifiable assets acquired	74.5
Goodwill	49.7

At the time the semi-annual financial statements were approved for publication, Rieter had not completed accounting for the acquisition of SSM. In particular, the values of the identifiable assets and liabilities disclosed above could only be determined on a provisional basis due to the closing of the acquisition at the balance sheet date of the semi-annual financial statements. In addition, it was not possible to provide detailed information about receivable balances acquired and any potential contingent liabilities of SSM.

The “Intangible assets” item comprises mainly the fair values of customer relationships, technology and the SSM brand.

Goodwill is attributable mainly to the future value of joint projects in the areas of technology and innovation as well as to the strong market position and the profitability of SSM. Potential amortization of goodwill will not be effective for tax purposes.

Cash flows resulting from the acquisition of SSM are summarized in the table below:

CHF million	June 30, 2017
Purchase price settled in cash	124.2
Less cash and cash equivalents acquired	- 24.0
Net cash outflow - net cash from investing activities	100.2

SSM has no impact on the consolidated income statement for the first half of 2017 due to the closing of the acquisition at the balance sheet date of the semi-annual financial statements.

Had the acquisition taken place on January 1, 2017, sales, EBITDA and net profit contributed by SSM to the consolidated income statement would have amounted to CHF 49.8 million, CHF 8.6 million and CHF 7.2 million respectively.

3 Segment information

Segment information is based on the Group's organization and management structure and internal financial reporting to the Chief Operating Decision Maker up to the level of EBIT. The Chief Operating Decision Maker at Rieter is the Chief Executive Officer. Segment reporting is based on the same accounting policies as those used for the preparation of the consolidated financial statements. The Group consists of three reportable segments: Machines & Systems, After Sales and Components. There is no aggregation of operating segments.

Rieter Machines & Systems develops and manufactures machinery and systems for processing natural and man-made fibers and their blends into yarns. Rieter After Sales serves customers with spare parts, value-adding after sales services and solutions over the entire product life cycle. Rieter Components supplies technology components to spinning mills and also to textile machinery manufacturers.

CHF million	Machines & Systems	After Sales	Components	Total reportable segments
January – June 2017				
Total segment sales	255.1	70.1	128.8	454.0
Inter-segment sales ¹	0.0	0.0	38.8	38.8
Sales to third parties ²	255.1	70.1	90.0	415.2
Operating result before interest and taxes (EBIT)	-3.8	12.8	12.6	21.6
Purchase of tangible fixed and intangible assets ³	2.7	0.4	3.5	6.6
Depreciation of tangible fixed assets and amortization of intangible assets	7.1	0.5	5.2	12.8
January – June 2016				
Total segment sales	256.9	70.7	141.3	468.9
Inter-segment sales ¹	0.0	0.0	32.0	32.0
Sales to third parties ²	256.9	70.7	109.3	436.9
Operating result before interest and taxes (EBIT)	-12.1	13.2	18.4	19.5
Purchase of tangible fixed and intangible assets	2.8	0.5	5.4	8.7
Depreciation of tangible fixed assets and amortization of intangible assets	7.2	0.6	4.6	12.4
January – December 2016				
Total segment sales	603.4	141.6	271.3	1 016.3
Inter-segment sales ¹	0.0	0.0	71.3	71.3
Sales to third parties ²	603.4	141.6	200.0	945.0
Operating result before interest and taxes (EBIT)	3.6	25.5	35.1	64.2
Purchase of tangible fixed and intangible assets	10.0	0.8	14.7	25.5
Depreciation of tangible fixed assets and amortization of intangible assets	14.1	1.1	9.6	24.8

1 Inter-segment sales conducted at arms' length

2 Equal to sales in the consolidated income statement

3 Excluding tangible fixed and intangible assets taken over as a result of the SSM acquisition

Reconciliation of segment results

CHF million	January – June 2017	January – June 2016	January – December 2016
Operating result before interest and taxes (EBIT) of reportable segments	21.6	19.5	64.2
Result which cannot be allocated to reportable segments	-5.6	-3.8	-7.7
Operating result before interest and taxes (EBIT), Group	16.0	15.7	56.5
Financial result	-2.1	-1.8	-2.7
Profit before taxes	13.9	13.9	53.8

The result which cannot be allocated to reportable segments includes all those elements of income and expenses which cannot be allocated on a reasonable basis to the segments, such as certain costs of central functions and infrastructure as well as the elimination of unrealized profits on inter-segment deliveries.

In the first half year 2017, the result which cannot be allocated to the reportable segments contains transaction costs resulting from the acquisition of SSM (see note 2). In the first half of 2016, no one-off effects occurred. In the 2016 financial year, the respective result includes an impairment loss amounting to CHF 1.6 million related to tangible fixed assets which were reclassified to “assets classified as held for sale”.

4 Sales

CHF million	January – June 2017	January – June 2016	January – December 2016
Changes in sales due to volume and price, Machines & Systems	-0.8	-116.7	-75.2
Currency translation differences, Machines & Systems	-1.0	-1.6	-6.2
Divestments, Machines & Systems ¹	0.0	-17.5	-17.5
Changes in sales due to volume and price, After Sales	-0.5	0.3	1.2
Currency translation differences, After Sales	-0.1	0.8	0.6
Changes in sales due to volume and price, Components	-18.8	15.4	2.9
Currency translation differences, Components	-0.5	2.3	2.4
Total	-21.7	-117.0	-91.8

¹ Divestment of Schaltag group in the 2015 financial year

In the first half of 2017, Rieter invoiced 32% of sales in Swiss francs (first half year 2016: 36%), 29% in euros (first half year 2016: 36%), 6% in US dollars (first half year 2016: 6%) and 33% in other currencies (first half year 2016: 22%).

The portion of costs incurred in Swiss francs was about 29% of sales (first half year 2016: 29%).

5 Financial instruments

The following table shows all financial instruments which are measured at fair value, grouped according to the categories defined in the accounting policies.

CHF million		June 30, 2017	December 31, 2016
Marketable securities	Assets, level 1	0.0	5.8
Other financial assets	Assets, level 2	3.0	4.6
Derivative financial instruments (positive fair values) ¹	Assets, level 2	3.8	3.3
Derivative financial instruments (negative fair values) ²	Liabilities, level 2	1.8	2.9

¹ Include hedging instruments in the amount of CHF 1.3 million recognized in other comprehensive income at June 30, 2017 (CHF 0.0 million at December 31, 2016)

² Include hedging instruments in the amount of CHF 0.7 million recognized in other comprehensive income at June 30, 2017 (CHF 0.8 million at December 31, 2016)

There were no transfers among the categories and the valuation techniques have been applied consistently.

On June 30, 2017, financial debt measured at amortized cost include a fixed-rate bond with a carrying amount of CHF 99.7 million (December 31, 2016: CHF 99.6 million) and a fair value of CHF 103.5 million (December 31, 2016: CHF 102.8 million). The bond is listed on the SIX Swiss Exchange.

The carrying amounts of the remaining financial instruments measured at amortized cost approximate fair values due to their mainly short-term nature.

6 Events after balance sheet date, Ingolstadt site and financial calendar

On February 1, 2017, Rieter has announced in a media release the intention to reorganize the site in Ingolstadt (Germany; see note 34 in the 2016 consolidated financial statements). The concept foresees the location to focus on the development of machines and the provision of technical support for the after-sales business in the future. Currently Rieter is in negotiation with the employees' representatives.

The semi-annual report 2017 was approved for publication by the Board of Directors on July 19, 2017.

No events have occurred up to July 19, 2017, which would necessitate adjustments to the semi-annual report.

Trading update	October 27, 2017
Publication of sales 2017	January 31, 2018
Deadline for proposals regarding the agenda of the Annual General Meeting	February 22, 2018
Results press conference 2018	March 13, 2018
Annual General Meeting 2018	April 5, 2018

All statements in this report which do not refer to 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 confined to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control.

This is a translation of the original German text.



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