

# Halbjahresbericht 2019



## KENNZAHLEN

Mio. CHF	Januar – Juni 2019	Januar – Juni 2018	Veränderung
<b>Rieter</b>			
Bestellungseingang	378.3	511.8	-26%
Umsatz	416.1	515.3	-19%
Betriebsergebnis vor Zinsen, Steuern, Abschreibungen und Amortisationen (EBITDA)	18.3	35.4	-48%
• in % des Umsatzes	4.4%	6.9%	
Betriebsergebnis vor Zinsen und Steuern (EBIT)	-1.2	14.1	
• in % des Umsatzes	-0.3%	2.7%	
Reingewinn	-3.8	10.9	
• in % des Umsatzes	-0.9%	2.1%	
Unverwässerter Gewinn pro Aktie (CHF)	-0.85	2.39	
Investitionen in Sachanlagen und immaterielle Anlagen	12.0	8.6	40%
Free Cashflow	-23.4	-59.7	61%
Nettoliiquidität am Ende der Berichtsperiode	97.6	47.2	107%
Eigenkapital in % der Bilanzsumme am Ende der Berichtsperiode	45.7%	43.1%	
Personalbestand (ohne Temporäre) am Ende der Berichtsperiode	4 743	5 251	-10%
<b>Geschäftsbereich Machines &amp; Systems</b>			
Bestellungseingang	196.2	297.7	-34%
Umsatz	220.8	303.9	-27%
Betriebsergebnis vor Zinsen und Steuern (EBIT)	-23.8	-14.8	-61%
• in % des Umsatzes	-10.8%	-4.9%	
<b>Geschäftsbereich Components</b>			
Bestellungseingang	115.8	139.1	-17%
Umsatz	123.3	137.3	-10%
Total Segmentumsatz	148.4	182.2	-19%
Betriebsergebnis vor Zinsen und Steuern (EBIT)	6.4	19.2	-67%
• in % des Segmentumsatzes	4.3%	10.5%	
<b>Geschäftsbereich After Sales</b>			
Bestellungseingang	66.3	75.0	-12%
Umsatz	72.0	74.1	-3%
Betriebsergebnis vor Zinsen und Steuern (EBIT)	12.3	11.2	10%
• in % des Umsatzes	17.1%	15.1%	

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**Bernhard Jucker**  
Präsident des Verwaltungsrats

**Dr. Norbert Klapper**  
Chief Executive Officer

## ERSTES HALBJAHR 2019 VON NIEDRIGER NACHFRAGE IM NEUMASCHINGESCHÄFT GEPRÄGT

- Bestellungseingang im ersten Halbjahr 2019 mit 378.3 Mio. CHF um 26% unter Vorjahresperiode
- Umsatz mit 416.1 Mio. CHF um 19% unter Vorjahresperiode
- EBIT von -1.2 Mio. CHF und Reingewinn von -3.8 Mio. CHF
- Umsetzung der Kostensenkungsmassnahmen verläuft planmässig
- Innovationen an der ITMA 2019 in Barcelona erfolgreich eingeführt
- Grossauftrag von rund 180 Mio. CHF aus Ägypten unterzeichnet
- Vollzug Grundstücksverkauf in Ingolstadt (Deutschland) im dritten Quartal 2019 erwartet
- Ausblick unverändert gegenüber Frühjahr 2019

### SEHR GEEHRTE AKTIONÄRIN, SEHR GEEHRTER AKTIONÄR

Im ersten Halbjahr 2019 verzeichnete Rieter einen Bestellungseingang von 378.3 Mio. CHF (1. Halbjahr 2018: 511.8 Mio. CHF). Dies entspricht einem Rückgang von rund 26% gegenüber der Vorjahresperiode. Der wesentliche Grund war, wie bereits berichtet, die niedrige Nachfrage im Neumaschinengeschäft (Geschäftsbereich Machines & Systems: -34%). Rieter geht davon aus, dass der Marktanteil von rund 30% auf dem Niveau des Vorjahres gehalten werden konnte. Der Bestellsbestand per 30. Juni 2019

betrug 295 Mio. CHF (31. Dezember 2018: 325 Mio. CHF).

Der Umsatz erreichte im ersten Halbjahr 2019 insgesamt 416.1 Mio. CHF (1. Halbjahr 2018: 515.3 Mio. CHF), was einem Rückgang von 19% gegenüber der Vorjahresperiode entspricht. Diese Entwicklung ist vor allem auf die niedrigere Nachfrage im Neumaschinengeschäft (Geschäftsbereich Machines & Systems: -27%) zurückzuführen.

### EBIT, REINGEWINN UND FREE CASHFLOW

Aufgrund des deutlichen Umsatzrückgangs im Maschi-

Mio. CHF	Januar – Juni 2019	Januar – Juni 2018	Veränderung	Veränderung in Lokalwährung
<b>Umsatz</b>	<b>416.1</b>	<b>515.3</b>	<b>-19%</b>	<b>-19%</b>
Asiatische Länder <sup>1</sup>	165.4	200.1	-17%	-17%
China	72.6	82.6	-12%	-10%
Indien	66.7	60.2	11%	13%
Türkei	24.5	58.3	-58%	-58%
Nord- und Südamerika	54.8	59.6	-8%	-9%
Europa	23.1	26.5	-13%	-11%
Afrika	9.0	28.0	-68%	-68%

<sup>1</sup> Ohne China, Indien, Türkei

nengeschäft ergab sich im ersten Halbjahr 2019 ein operativer Verlust (EBIT) in der Höhe von -1.2 Mio. CHF (1. Halbjahr 2018: +14.1 Mio. CHF). Die eingeleiteten Massnahmen zur Kostensenkung wirkten sich ab dem zweiten Quartal 2019 positiv auf das Resultat aus.

Der Reingewinn betrug -3.8 Mio. CHF (1. Halbjahr 2018: +10.9 Mio. CHF). Aufgrund des saisonalen Anstiegs des Nettoumlaufvermögens belief sich der Free Cashflow auf -23.4 Mio. CHF (1. Halbjahr 2018: -59.7 Mio. CHF). Die Nettoliquidität per 30. Juni 2019 betrug 97.6 Mio. CHF (31. Dezember 2018: 150.2 Mio. CHF). Die Eigenkapitalquote lag zum 30. Juni 2019 bei 45.7% (31. Dezember 2018: 44.6%).

### REGIONEN

Der Umsatz reduzierte sich im ersten Halbjahr 2019 insgesamt um 19% auf 416.1 Mio. CHF (1. Halbjahr 2018: 515.3 Mio. CHF). In den asiatischen Ländern

(ohne China, Indien und Türkei) sanken die Umsätze um 17% auf 165.4 Mio. CHF. In Vietnam und Pakistan hingegen konnte der Umsatz gegenüber der Vorjahresperiode gesteigert werden. In China sank der Umsatz um 12% und erreichte 72.6 Mio. CHF. Demgegenüber konnte der Umsatz in Indien um 11% auf 66.7 Mio. CHF gesteigert werden. In der Türkei war im ersten Halbjahr 2019 ein Umsatzrückgang von 58% auf 24.5 Mio. CHF zu verzeichnen. In Nord- und Südamerika verringerte sich das Umsatzniveau um 8% auf 54.8 Mio. CHF. In der Region Europa belief sich der Umsatz auf 23.1 Mio. CHF (-13%) und in Afrika auf 9.0 Mio. CHF (-68%).

### GESCHÄFTSBEREICHE

Der Bestellungseingang des Geschäftsbereichs **Machines & Systems** ging um 34% auf 196.2 Mio. CHF (1. Halbjahr 2018: 297.7 Mio. CHF) zurück. Grund für die Investitionszurückhaltung der Kunden waren in erster Linie bestehende Überkapazitäten in den

Mio. CHF	Januar – Juni 2019	Januar – Juni 2018	Veränderung	Veränderung in Lokalwährung
<b>Bestellungseingang</b>	<b>378.3</b>	<b>511.8</b>	<b>-26%</b>	<b>-26%</b>
Machines & Systems	196.2	297.7	-34%	-34%
Components	115.8	139.1	-17%	-16%
After Sales	66.3	75.0	-12%	-11%
<b>Umsatz</b>	<b>416.1</b>	<b>515.3</b>	<b>-19%</b>	<b>-19%</b>
Machines & Systems	220.8	303.9	-27%	-27%
Components	123.3	137.3	-10%	-9%
After Sales	72.0	74.1	-3%	-3%

Spinnereien, der Handelskonflikt zwischen den USA und China sowie politische und ökonomische Unsicherheiten in anderen, für Rieter wichtigen Regionen. Zudem haben einige Kunden anstehende Investitionsentscheide zurückgehalten und die Innovationen abgewartet, die an der ITMA in Barcelona im Juni 2019 präsentiert wurden. Der Umsatz des Geschäftsbereichs lag bei 220.8 Mio. CHF (1. Halbjahr 2018: 303.9 Mio. CHF), rund 27% unter der Vorjahresperiode. Hier schlägt sich die niedrige Nachfrage nach Neumaschinen nieder, die bereits seit dem vierten Quartal 2018 anhält. Das EBIT lag trotz der laufenden Kostensenkungsmassnahmen volumenbedingt bei -23.8 Mio. CHF (1. Halbjahr 2018: -14.8 Mio. CHF).

Der Geschäftsbereich **Components** verbuchte einen Bestellungseingang von 115.8 Mio. CHF (1. Halbjahr 2018: 139.1 Mio. CHF), der rund 17% unter der Vorjahresperiode lag. Der Rückgang betraf in erster Linie die Geschäftstätigkeit von SSM und Suessen, hauptsächlich als Folge der bereits beschriebenen Investitionszurückhaltung am Markt. Der Umsatz lag mit 123.3 Mio. CHF um 10% unter Vorjahresniveau (1. Halbjahr 2018: 137.3 Mio. CHF). Auch hier waren besonders SSM und Suessen betroffen. Die Geschäfte mit Verschleissteilen für Spinnereien hingegen laufen auf gutem Niveau. Das EBIT lag bei 6.4 Mio. CHF (1. Halbjahr 2018: 19.2 Mio. CHF). Hier zeigte sich, neben dem Umsatzrückgang mit Dritten, der Volumenrückgang in der Zulieferung an den Geschäftsbereich Machines & Systems.

Der Bestellungseingang im Geschäftsbereich **After Sales** ging gegenüber dem Vorjahr um 12% auf 66.3 Mio. CHF zurück (1. Halbjahr 2018: 75.0 Mio. CHF), was vorwiegend auf das fehlende Installationsvolumen für Neumaschinen zurückzuführen war. Allerdings läuft das Geschäft mit Ersatzteilen für Spinnereien auf gutem Niveau. Der Umsatz lag mit 72.0 Mio. CHF (1. Halbjahr 2018: 74.1 Mio. CHF) um 3% unter Vorjahr. Das EBIT erreichte 12.3 Mio. CHF und war damit trotz des niedrigeren Umsatzes höher als im Vorjahreszeitraum (1. Halbjahr 2018: 11.2 Mio. CHF).

#### **UMSETZUNG DER KOSTENSENKUNGSMASSNAHMEN VERLÄUFT PLANMÄSSIG**

Im März 2019 hat Rieter als Reaktion auf die Marktlage die Umsetzung von Massnahmen zur Kapazitätsanpassung und Kostensenkung angekündigt und ein-

geleitet. Diese umfassten auch den Abbau von rund 5% der Stellen weltweit. Die Umsetzung der Massnahmen läuft wie geplant. Zum 30. Juni 2019 beschäftigte Rieter weltweit 4 743 Mitarbeitende (31. Dezember 2018: 5 134 Mitarbeitende).

#### **VERÄNDERUNGEN IN DER KONZERNLEITUNG**

Seit 1. Mai 2019 gehören dem Rieter-Konzern zwei neue Konzernleitungsmitglieder an: Kurt Ledermann ist Chief Financial Officer und Rico Randegger ist Leiter des Geschäftsbereichs After Sales.

#### **INNOVATIONEN AN DER ITMA 2019**

##### **IN BARCELONA ERFOLGREICH EINGEFÜHRT**

An der ITMA 2019 zeigte Rieter ein umfassendes Programm an Innovationen für alle vier am Markt etablierten Spinnereisysteme. Diese Neuheiten zielen auf die Senkung der Rohmaterialkosten, der Energie- und Arbeitskosten sowie auf die Erhöhung von Produktivität und Flexibilität in der Spinnerei ab. Rieter hat auch neue Lösungen zur Produktion innovativer Garne sowie zur Automatisierung und Flexibilisierung bestehender Systeme präsentiert, ebenso wie die Weiterentwicklung der digitalen Plattform ESSENTIAL. Die vorgestellten Neuheiten wurden von den zahlreichen Kunden, die Rieter an der Messe begrüßen durfte, sehr positiv aufgenommen. Rieter hat damit einen wichtigen Meilenstein in der Umsetzung der Unternehmensstrategie erreicht und fokussiert sich nun auf die erfolgreiche Markteinführung.

#### **GROSSAUFTRAG VON RUND 180 MIO. CHF**

##### **AUS ÄGYPTEN UNTERZEICHNET**

An der ITMA 2019 hat der Rieter-Konzern Verträge mit der Cotton & Textile Industries Holding Company, Kairo (Ägypten), unterzeichnet. Die Verträge umfassen sieben Projekte und haben für Rieter ein Gesamtvolumen von rund 180 Mio. CHF. Die Vereinbarung beinhaltet Lieferungen von Kompakt- und Ringspinnsystemen über die nächsten zwei Jahre. Der Auftrag ist Teil eines Programmes zur umfassenden Modernisierung der ägyptischen Textilindustrie. Die Auftragseingänge werden voraussichtlich 2019 realisiert, die Umsätze in den Geschäftsjahren 2020 und 2021.

### VOLLZUG GRUNDSTÜCKSVERKAUF IN INGOLSTADT (DEUTSCHLAND) IM DRITTEN QUARTAL 2019 ERWARTET

Wie bereits berichtet, verkauft Rieter sein Grundstück in Ingolstadt. Mit dem Vollzug der Transaktion wird im Laufe des dritten Quartals 2019 gerechnet. Rieter erwartet bei Abschluss einen ausserordentlichen Gewinnbeitrag auf Stufe Reingewinn von rund 60 Mio. EUR. Die in Ingolstadt verbleibenden Mitarbeitenden werden im Jahr 2021 ein neues Gebäude beziehen. Rieter wird hier eine moderne Arbeitsumgebung für innovative Forschungs- und Entwicklungsarbeit und die entsprechenden Unterstützungsfunktionen schaffen.

### AUSBLICK

Die Nachfrage nach Neumaschinen lag im ersten Halbjahr 2019 weiter auf niedrigem Niveau. Rieter geht für das zweite Halbjahr 2019 von keiner signifikanten Belebung des Marktes aus. Für das gesamte Geschäfts-

jahr 2019 erwartet Rieter im Vorjahresvergleich einen deutlichen Rückgang von Umsatz, EBIT und Reingewinn (vor Sondererlös aus dem Verkauf des Grundstücks in Ingolstadt). Die eingeleiteten Kostensenkungsmassnahmen werden wie geplant weiter umgesetzt. Rieter fokussiert sich auf die erfolgreiche Markteinführung der Innovationen, die an der ITMA 2019 in Barcelona präsentiert und von den Kunden gut aufgenommen wurden.

Winterthur, 18. Juli 2019



Bernhard Jucker  
Präsident des  
Verwaltungsrats



Dr. Norbert Klapper  
Chief Executive Officer

## FINANZKALENDER

<b>Trading Update 2019</b>	<b>29. Oktober 2019</b>
<b>Publikation Umsätze 2019</b>	<b>29. Januar 2020</b>
<b>Frist für die Einreichung von Traktandierungsbegehren</b>	<b>22. Februar 2020</b>
<b>Bilanzmedienkonferenz 2020</b>	<b>10. März 2020</b>
<b>Generalversammlung 2020</b>	<b>16. April 2020</b>

## CONSOLIDATED INCOME STATEMENT

	Notes	January – June 2019		January – June 2018 <sup>1</sup>	
		CHF million	% <sup>2</sup>	CHF million	% <sup>2</sup>
<b>Sales</b>	(6)	<b>416.1</b>	<b>100.0</b>	<b>515.3</b>	<b>100.0</b>
Cost of sales		-303.8	-73.0	-374.3	-72.6
<b>Gross margin</b>		<b>112.3</b>	<b>27.0</b>	<b>141.0</b>	<b>27.4</b>
Research and development expenses		-26.5	-6.4	-26.7	-5.2
Selling, general and administrative expenses		-98.6	-23.7	-110.7	-21.5
Other income and expenses (net)	(7)	11.6	2.8	10.5	2.0
<b>Operating result before interest and taxes (EBIT)</b>		<b>-1.2</b>	<b>-0.3</b>	<b>14.1</b>	<b>2.7</b>
Financial result		-1.0		-1.0	
<b>Profit before taxes</b>		<b>-2.2</b>	<b>-0.5</b>	<b>13.1</b>	<b>2.5</b>
Income taxes		-1.6		-2.2	
<b>Net profit</b>		<b>-3.8</b>	<b>-0.9</b>	<b>10.9</b>	<b>2.1</b>
Attributable to shareholders of Rieter Holding Ltd.		-3.8		10.8	
Attributable to non-controlling interests		0.0		0.1	
<b>Basic earnings per share (CHF)</b>		<b>-0.85</b>		<b>2.39</b>	
<b>Diluted earnings per share (CHF)</b>		<b>-0.85</b>		<b>2.39</b>	

1. The period January to June 2018 is adjusted due to the implementation of the cost of sales method (see note 3).

2. In % of sales.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CHF million	January – June 2019	January – June 2018 <sup>1</sup>
<b>Net profit</b>	<b>-3.8</b>	<b>10.9</b>
Remeasurement of defined benefit plans	5.3	-9.2
Income taxes on remeasurement of defined benefit plans	-1.1	1.8
Changes in fair values of financial assets	-0.1	-0.1
<b>Items that will not be reclassified to the income statement, net of taxes</b>	<b>4.1</b>	<b>-7.5</b>
Currency translation differences	-2.5	-6.8
Income taxes on currency translation differences	0.1	-0.1
Cash flow hedges	0.1	0.0
<b>Items that may be reclassified to the income statement, net of taxes</b>	<b>-2.3</b>	<b>-6.9</b>
<b>Total other comprehensive income</b>	<b>1.8</b>	<b>-14.4</b>
<b>Total comprehensive income</b>	<b>-2.0</b>	<b>-3.5</b>
Attributable to shareholders of Rieter Holding Ltd.	-2.0	-3.5
Attributable to non-controlling interests	0.0	0.0

1. Reclassification of the line item "Change in fair values of financial assets" amounting to CHF -0.1 million from "Items that may be reclassified to the income statement, net of taxes" to "Items that will not be reclassified to the income statement, net of taxes" in the period January to June 2018.



## CONSOLIDATED BALANCE SHEET

CHF million	Notes	June 30, 2019	December 31, 2018
<b>Assets</b>			
Tangible fixed assets		212.2	212.8
Intangible assets and goodwill		95.3	98.0
Investments in associated companies		15.9	15.9
Defined benefit plan assets		67.3	62.7
Other non-current assets		8.5	8.7
Deferred income tax assets		29.7	26.4
<b>Non-current assets</b>		<b>428.9</b>	<b>424.5</b>
Inventories		175.4	186.6
Trade receivables		68.1	80.2
Other current receivables		33.7	43.7
Marketable securities and time deposits		0.8	0.9
Cash and cash equivalents		221.8	256.2
		<b>499.8</b>	<b>567.6</b>
Assets classified as held for sale	(8)	0.0	10.2
<b>Current assets</b>		<b>499.8</b>	<b>577.8</b>
<b>Assets</b>		<b>928.7</b>	<b>1 002.3</b>
<b>Shareholders' equity and liabilities</b>			
Equity attributable to shareholders of Rieter Holding Ltd.		423.6	445.9
Equity attributable to non-controlling interests		0.7	0.7
<b>Total shareholders' equity</b>		<b>424.3</b>	<b>446.6</b>
Non-current financial debt		102.2	106.7
Deferred income tax liabilities		41.8	40.5
Non-current provisions		52.6	57.7
Defined benefit plan liabilities		30.1	30.2
Other non-current liabilities		0.1	0.0
<b>Non-current liabilities</b>		<b>226.8</b>	<b>235.1</b>
Trade payables		68.1	96.3
Advance payments from customers		45.6	58.6
Current financial debt		22.8	0.2
Current income tax liabilities		4.5	5.3
Current provisions		31.1	46.1
Other current liabilities		105.5	114.1
<b>Current liabilities</b>		<b>277.6</b>	<b>320.6</b>
<b>Liabilities</b>		<b>504.4</b>	<b>555.7</b>
<b>Shareholders' equity and liabilities</b>		<b>928.7</b>	<b>1 002.3</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF million	January – June 2019	January – June 2018
<b>Total shareholders' equity at the beginning of the financial year</b>	<b>446.6</b>	<b>457.5</b>
Impact of changes in accounting policies (IFRS 15 adoption)	–	–0.5
Income taxes on impact of changes in accounting policies	–	0.1
Total comprehensive income	–2.0	–3.5
Distribution of a dividend	–22.5	–22.6
Changes in treasury shares (incl. share-based compensation)	2.2	0.4
<b>Total shareholders' equity at the end of the reporting period</b>	<b>424.3</b>	<b>431.4</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

CHF million	Notes	January – June 2019	January – June 2018
<b>Net profit</b>		<b>–3.8</b>	<b>10.9</b>
Interest expenses/interest income		1.3	1.7
Income taxes		1.6	2.2
Depreciation of tangible fixed assets and amortization of intangible assets		19.5	21.4
Other non-cash expenses and income		1.2	1.6
Change in net working capital, other		–39.4	–92.3
Dividends received		0.0	0.3
Interest paid/received		–0.2	–0.6
Income taxes paid		–4.2	–7.0
<b>Net cash from operating activities</b>		<b>–24.0</b>	<b>–61.8</b>
Purchase of tangible fixed assets and intangible assets		–12.0	–8.6
Proceeds from disposals of tangible fixed assets and intangible assets		1.9	10.5
Proceeds from disposal of assets classified as held for sale	(8)	10.7	0.0
Sale/purchase of marketable securities and time deposits		0.0	0.2
<b>Net cash from investing activities</b>		<b>0.6</b>	<b>2.1</b>
Dividend paid to shareholders of Rieter Holding Ltd.		–22.5	–22.6
Sale/purchase of treasury shares		0.4	–1.0
Proceeds from other financial debt		13.9	0.3
Repayment of other financial debt		–1.2	–6.8
<b>Net cash from financing activities</b>		<b>–9.4</b>	<b>–30.1</b>
Currency effects on cash and cash equivalents		–1.6	–0.3
<b>Change in cash and cash equivalents</b>		<b>–34.4</b>	<b>–90.1</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>256.2</b>	<b>243.3</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>221.8</b>	<b>153.2</b>

## NOTES TO THE CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS

### 1 BASIS FOR PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated semi-annual financial statements of Rieter Holding Ltd. and its subsidiaries (“Rieter” or “Rieter Group”) 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, 2019. The significant accounting policies summarized in the 2018 annual report have been amended in the 2019 financial year in accordance with the new and revised IFRS Standards and Interpretations. Basically, Rieter has applied the new standard “IFRS 16 Leases” for the first time as of January 1, 2019 (see note 2). The implementation of the remaining changes in IFRS had no material impact on the consolidated semi-annual financial statements.

In the period under review, the consolidated income statement is presented for the first time in accordance with the “function of expense” or “cost of sales” method (see note 3). The comparative period of the consolidated income statement for the period January to June 2019 has been adjusted according to the new structure.

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

The following are the most important foreign exchange rates for Rieter in the preparation of the consolidated semi-annual financial statements as well as for the financial statements of group companies:

Country/region	Currency (unit)	Average period CHF rates		Period-end CHF rates	
		January – June 2019	January – June 2018	June 30, 2019	December 31, 2018
China	100 CNY	14.73	15.17	14.20	14.31
Czech Republic	100 CZK	4.40	4.59	4.36	4.38
Euro countries	1 EUR	1.13	1.17	1.11	1.13
India	100 INR	1.43	1.47	1.41	1.41
USA	1 USD	1.00	0.97	0.98	0.98

### 2 CHANGES IN ACCOUNTING POLICIES

#### Application of “IFRS 16 Leases”

Rieter has applied the new standard “IFRS 16 Leases” for the first time as of January 1, 2019. This note explains the impact of the adoption of IFRS 16 on the consolidated semi-annual financial statements and discloses the new accounting policies applied as of January 1, 2019.

*Adjustments to the balance sheet at January 1, 2019 (date of initial application of IFRS 16)*

Until December 31, 2018, leases of tangible fixed assets were classified as operating leases. Payments made under operating leases were charged to the income statement on a straight-line basis

over the period of the lease. No lease arrangements qualified as finance leases in accordance with the provisions of IAS 17.

In accordance with the transitional provisions, Rieter has applied IFRS 16 as of January 1, 2019, but has not restated the comparative period (2018 financial year). Existing lease arrangements classified as operating leases under the old standard IAS 17 were recognized as lease liabilities and as right-of-use assets in the opening balance sheet at January 1, 2019, unless they were associated with short-term leases or leases of low-value assets (see accounting policy for leases on pages 12 and 13).

The table below presents the recognition of the adjustments at January 1, 2019:

CHF million	January 1, 2019	December 31, 2018
Right-of-use assets <sup>1</sup>	5.7	0.0
<b>Assets</b>	<b>1 008.0</b>	<b>1 002.3</b>
Non-current lease liabilities <sup>2</sup>	3.1	0.0
Current lease liabilities <sup>3</sup>	2.5	0.0
<b>Total lease liabilities</b>	<b>5.6</b>	<b>0.0</b>
Restoration cost <sup>4</sup>	0.1	0.0
<b>Shareholders' equity and liabilities</b>	<b>1 008.0</b>	<b>1 002.3</b>

1. Increase in the line item "Tangible fixed assets" in the consolidated balance sheet.

2. Increase in the line item "Non-current financial debt" in the consolidated balance sheet.

3. Increase in the line item "Current financial debt" in the consolidated balance sheet.

4. Restoration cost related to new lease arrangements identified at the date of initial application. Increase in the line item "Non-current provisions" in the consolidated balance sheet.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the respective group companies at January 1, 2019. The weighted average incremental borrowing rate applied to lease liabilities amounted to 2.9%. The associated right-of-use assets were measured at the amount equal to the lease liability and the restoration cost. Adjustments of right-of-use assets by the amount of any prepaid or accrued lease payments relating to the respective leases recognized in the balance sheet at December 31, 2018, were insignificant. There was no impact of the adjustments on retained earnings at January 1, 2019.

For leases previously classified as operating leases, when applying IFRS 16 for the first time Rieter elected to apply the following practical expedients:

- Leases with a remaining lease term of twelve months or less at January 1, 2019, were accounted for as short-term leases.
- Initial direct costs were excluded from the measurement of right-of-use assets at January 1, 2019.

In addition, Rieter elected to reassess whether a contract was, or contained a lease at the date of initial application.

The following table shows the reconciliation between the future aggregate minimum lease payments under operating leases at December 31, 2018, as disclosed in note 32 of the 2018 consolidated financial statements, and the lease liabilities recognized in the consolidated balance sheet at January 1, 2019:

CHF million	
Future aggregate minimum lease payments under operating leases as disclosed at December 31, 2018 (in accordance with IAS 17)	19.1
Less future aggregate minimum lease payments associated with lease agreements concluded but not commenced	-13.2
Less future aggregate minimum lease payments associated with short-term leases and leases of low-value assets	-0.6
Less impact of discounting future lease payments	-0.4
Plus lease arrangements identified at the date of initial application	0.7
<b>Lease liabilities at January 1, 2019 (in accordance with IFRS 16)</b>	<b>5.6</b>

#### Impact on net profit and earnings per share

The adoption of IFRS 16 had no significant impact on Rieter's net profit or on basic and diluted earnings per share for the period January to June 2019.

#### Significant accounting policies as of January 1, 2019 – accounting for leases (lessee)

Rieter leases offices, warehouses, equipment and vehicles, complementing tangible fixed assets owned by group companies.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. For contracts that are or contain a lease, a lease liability reflecting future lease payments and a right-of-use asset is recognized on the balance sheet. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as expenses in the income statement. Short-term leases are leases with a non-cancellable lease term of twelve months or less. Low value assets comprise IT-equipment and small items of office furniture.

Lease liabilities are measured at present value of the outstanding lease payments at the date of commencement. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate of interest that the respective group company would have to pay to borrow the funds necessary to purchase an asset of similar value in a similar economic environment with similar terms and conditions. Lease payments include fixed payments, variable payments that are based on an index or a rate and the exercise price of a purchase option if the lessee is reasonably certain to exercise that option. Options for extension of the lease term are included in the calculation of the lease liability if

management is reasonably certain to execute that option. Lease payments are divided into a component reducing the lease liability and interest expense recognized in the financial result.

Right-of-use assets represent the underlying assets leased by Rieter. The respective assets are measured at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, initial direct costs and restoration costs. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

### 3 CHANGES IN PRESENTATION

Until December 31, 2018, Rieter presented the consolidated income statement using the "nature of expense" or "total cost" method. In the period under review, the consolidated income statement is presented for the first time in accordance with the "cost of sales" method. Rieter has elected to change the presentation of the consolidated income statement due to the higher transparency of the operational profitability and a stronger focus on contribution margins and structural costs.

The comparative period January to June 2018 of the consolidated income statement has been adjusted to the new structure accordingly (see page 8). The following line items have been introduced as a result of the change in presentation:

- Cost of sales
- Gross margin
- Research and development expenses
- Selling, general and administrative expenses
- Other income and expenses (net)

### 4 CHANGES IN SCOPE OF CONSOLIDATION

In the period under review, Rieter divested the subsidiary RiRe Ltd. (Liechtenstein). The impact of the divestment on the consolidated financial statements was insignificant. In the period

The line item "Restructuring charges" is no longer presented separately, since the underlying income and expenses were neither significant in the first half of 2019 nor in the first half of 2018. Income and expenses related to restructuring and impairment have been included in "Other income and expenses (net)" (see note 7).

The other line items of the consolidated income statements (e.g. "Sales" as well as "Operating result before interest and taxes (EBIT)" and the line items below) remain unchanged.

January to June 2018, there was no change in subsidiaries and associated companies.

## 5 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, Components and After Sales. There is no aggrega-

tion 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 Components supplies technology components to spinning mills and to textile machinery manufacturers as well as precision winding machines. Rieter After Sales serves Rieter customers with spare parts, value-adding after sales services and solutions over the entire product life cycle.

### Segment information January – June 2019

CHF million	Machines & Systems	Components	After Sales	Total reportable segments
Total segment sales	220.8	148.4	72.0	441.2
Inter-segment sales <sup>1</sup>	0.0	25.1	0.0	25.1
Sales to third parties <sup>2</sup>	220.8	123.3	72.0	416.1
Operating result before interest and taxes (EBIT)	-23.8	6.4	12.3	-5.1
Purchase of tangible fixed assets and intangible assets	3.0	3.4	0.2	6.6
Depreciation of tangible fixed assets and amortization of intangible assets	5.0	9.8	0.5	15.3

### Segment information January – June 2018

CHF million	Machines & Systems	Components	After Sales	Total reportable segments
Total segment sales	303.9	182.2	74.1	560.2
Inter-segment sales <sup>1</sup>	0.0	44.9	0.0	44.9
Sales to third parties <sup>2</sup>	303.9	137.3	74.1	515.3
Operating result before interest and taxes (EBIT)	-14.8	19.2	11.2	15.6
Purchase of tangible fixed assets and intangible assets	1.7	4.0	0.1	5.8
Depreciation of tangible fixed assets and amortization of intangible assets	6.1	8.6	0.6	15.3

1. Inter-segment sales conducted at arms' length.

2. Equal to sales in the consolidated income statement.

### Reconciliation of segment results

CHF million	January – June 2019	January – June 2018
Operating result before interest and taxes (EBIT) of reportable segments	-5.1	15.6
Result which cannot be allocated to reportable segments	3.9	-1.5
<b>Operating result before interest and taxes (EBIT), Rieter Group</b>	<b>-1.2</b>	<b>14.1</b>
Financial result	-1.0	-1.0
<b>Profit before taxes</b>	<b>-2.2</b>	<b>13.1</b>

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 of 2019, the result which cannot be allocated to the reportable segments contains restructuring costs amounting to CHF 1.0 million and impairment losses amounting to CHF 0.6 million, both connected to capacity adjustments and cost reduction measures (see note 7). In addition, a part of the income from the reversal of restructuring provisions (CHF 3.3 million) is also

included (see note 7). In the first half of 2018, a gain from the sale of tangible fixed assets in China amounting to CHF 0.5 million (the respective assets were disposed for an amount of CHF 10.3 million) and the reversal of provisions due to a court ruling in favor of Rieter amounting to CHF 2.5 million were included in the respective result.

## 6 SALES

Sales are divided into the following categories:

CHF million	January – June 2019	January – June 2018
Sales of products	394.4	492.0
Sales of services	21.7	23.3
<b>Total sales</b>	<b>416.1</b>	<b>515.3</b>

Revenue from sales of services is mainly incurred at Rieter After Sales. In addition, Rieter discloses revenue divided by the

Machines & Systems, Components and After Sales segments (see note 5).

## 7 OTHER INCOME AND EXPENSES (NET)

CHF million	January – June 2019	January – June 2018
Rental income	1.3	1.2
Gain on disposals of tangible fixed assets	1.7	1.0
Reversal of restructuring provisions	4.1	1.0
Foreign exchange differences (net)	0.1	-
Miscellaneous operating income	8.1	8.7
<b>Total other income</b>	<b>15.3</b>	<b>11.9</b>
Restructuring costs	-2.7	-0.2
Impairment losses on tangible fixed assets	-1.0	0.0
Foreign exchange differences (net)	-	-1.2
<b>Total other expenses</b>	<b>-3.7</b>	<b>-1.4</b>
<b>Total other income and expenses (net)</b>	<b>11.6</b>	<b>10.5</b>

The reassessment of restructuring provisions based on the progress of the respective projects resulted in a reversal of CHF 4.1 million in the first half of 2019 (first half of 2018: CHF 1.0 million).

In March 2019, Rieter announced capacity adjustments and cost reduction measures against the weak market environment. These measures include a reduction of the global workforce of around 5%. In the first half of 2019, restructuring costs related to severance payments and other expenses (CHF 2.7 million) as well as

impairment losses related to tangible fixed assets (CHF 1.0 million) have been recognized.

Miscellaneous operating income includes income which is not presented as sales, such as proceeds from the disposal of materials for recycling purposes and income from export incentive schemes. In addition, the income from the reversal of provisions due to a court ruling in favor of Rieter amounting to CHF 2.5 million was recognized in the first half of 2018.

## 8 ASSETS CLASSIFIED AS HELD FOR SALE

CHF million	June 30, 2019	December 31, 2018
Land and buildings	0.0	9.1
Other tangible fixed assets	0.0	1.1
<b>Total assets classified as held for sale</b>	<b>0.0</b>	<b>10.2</b>

Over the past years, Rieter has continuously streamlined and consolidated its production operations on a global scale. Process efficiency and capacity per area have increased and as a result, a part of the asset base previously used for production and administration purposes became redundant in 2016. Management was committed to disposing of these assets within a short period of time after the balance sheet date, which was why they were reclassi-

fied as “assets classified as held for sale” at the end of 2016.

In April 2019, total assets classified as held for sale were sold to a third party for an amount of CHF 10.7 million. Prior to the disposal, an amount of CHF 0.3 million was recognized as reversal of impairment losses in the result which cannot be allocated to reportable segments.

## 9 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, 2019	December 31, 2018
Marketable securities	Assets, level 1	0.3	0.4
Other financial assets	Assets, level 2	0.8	1.1
Derivative financial instruments (positive fair values)	Assets, level 2	1.2	1.8
Derivative financial instruments (negative fair values)	Liabilities, level 2	0.8	1.6

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

On June 30, 2019, financial debt measured at amortized cost includes a fixed-rate bond with a carrying amount of CHF 99.9 million (December 31, 2018: CHF 99.8 million) and a fair value of CHF 101.8 million (December 31, 2018: CHF 101.5 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 (with the exception of non-current lease liabilities).

## 10 EVENTS AFTER BALANCE SHEET DATE

The 2019 semi-annual report was approved for publication by the Board of Directors on July 17, 2019. No events have occurred up to July 17, 2019, which would necessitate adjustments to the carry-

ing amounts of the Group's assets or liabilities, or require additional disclosure.



Alle Aussagen dieses Berichts, die sich nicht auf historische Fakten beziehen, sind Zukunftsaussagen, die keinerlei Garantie bezüglich der zukünftigen Leistung gewähren; sie beinhalten Risiken und Unsicherheiten einschliesslich, aber nicht beschränkt auf zukünftige globale Wirtschaftsbedingungen, Devisenkurse, gesetzliche Vorschriften, Marktbedingungen, Aktivitäten der Mitbewerber sowie andere Faktoren, die ausserhalb der Kontrolle des Unternehmens liegen.

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