Press release

Rieter Holding Ltd
Klosterstrasse 32
Postfach
CH-8406 Winterthur
T +41 52 208 7171
F +41 52 208 7060
www.rieter.com

2011 financial year:
Rieter now focused on textile machinery and components production – striking sales growth – significantly higher operating result and net profit – dividend of 6 CHF per share proposed – higher investment activities to secure profitable future growth

The Rieter Group reached a historical turning point in spring 2011. Shareholders adopted the proposal by the Board of Directors to separate the group and for its two divisions – Textile Systems and Automotive Systems – to operate in future as independent companies, each with its own stock market listing. Following the completion of the separation, Rieter is an industrially focused supplier of machinery and components for staple fiber spinning mills. It conducts the business of the former Rieter Textile Systems Division in two business groups, Spun Yarn Systems (machinery business) and Premium Textile Components (components business). Rieter is reporting results to December 31, 2011, for the first time in respect of a full financial year in this new structure.

The 2011 financial year as a whole was encouraging for Rieter. The company again reported striking sales growth and a significant increase in the operating result and net profit. Orders received were 34% lower than in the extraordinarily strong preceding year, achieving a good level of 958.3 million CHF. Rieter therefore still has a healthy level of orders in hand. Sales revenues increased by 22% to 1 060.8 million CHF. The increase in local currencies amounted to 27%. Rieter posted a disproportionately strong increase in the operating result, which rose by 49% from 75.7 million CHF to 112.6 million CHF. This is equivalent to 10.8% of corporate output. Net profit increased to 119.0 million CHF, equivalent to 11.4% of corporate output (82.9 million CHF and 9.9% in 2010). The Board of Directors is proposing that a dividend of 6.00 CHF be paid for the 2011 financial year out of the reserve from capital contributions. Rieter expanded its market position in the year under review and has a strong balance sheet. On this sound basis Rieter intensified its investment activities in 2011, especially in the large Asian growth markets and the development of products to meet the needs of specific markets. Rieter will continue intensified investment activity through the 2012 financial year to lay the foundations for further profitable growth.

In 2011 the disruption on the financial markets, the currency crisis in Europe and the resulting strength of the Swiss franc created the most dramatic situation for the Swiss economy since the 1970s. Rieter held its own well overall in this difficult environment. The company has systematically assumed a global focus since the 1990s. By transferring manufacturing operations to customers' markets, in particular to India and China, and also through existing facilities in European countries, Rieter is exploiting the cost benefits of these locations and at the same time limiting currency risks.

The boom in demand on the world market for textile machinery and components experienced in 2010 continued in the first quarter of 2011. The investment climate started to cool off as of the second quarter. The high cost of cotton and declining yarn prices intensified pressure on spinning mills' margins and liquidity. The second half of the year was also dominated by uncertainty due to the trend in raw material prices and prospects for the global economy. As of the second quarter the market retreated to a lower level compared with the previous year. Demand for yarns also declined in 2011. However, spinning mills were able to reduce yarn inventories to some extent again in the second half of the year.

Orders received and sales

Rieter's order intake of 958.3 million CHF in 2011 was 34% lower than the very high figure (1 454.6 million CHF) recorded in the previous year. In local currencies the decline amounted to 31%. This downturn was particularly apparent as of the second quarter and affected both business groups. However, the slowdown had less of an impact on the components business (Premium Textile Components Business Group) than the machinery business (Spun Yarn Systems Business Group). Some customers postponed or canceled orders as a consequence of the disruption on the raw material and yarn markets. Cancelations affected orders placed in the peak year of 2010 in particular. Rieter therefore adjusted its order book by a total of 112.6 million CHF in the second half of 2011. Excluding cancelations, orders received in the second half of the year amounted to 399.6 million CHF. Orders in hand at year-end were slightly over 600 million CHF. China, Turkey and India were the sources of the largest volume of orders. South Korea, Indonesia, the USA, Brazil, Pakistan and Bangladesh were also important markets. All in all Rieter further expanded its market position worldwide in the year under review and gained market share with attractive products. In China and India, Rieter strengthened its market position with a specific offering for the local markets. This shows that Rieter has positioned itself well and made the right investment decisions in earlier years.

The high level of orders in hand from the previous year, which had continued to grow in the first quarter of 2011, utilized Rieter's production capacity to its limits, resulting in long delivery lead times. The situation eased in the course of 2011 and Rieter was able to supply customers faster again. Sales rose by 22% compared with the previous year, to 1 060.8 million CHF (870.4 million CHF in 2010).

On December 31, 2011, Rieter employed a workforce of 4 695, compared with 4 395 a year earlier. Rieter engaged additional temporary personnel, also at its plants in China and India, in order to cope with the high level of orders in hand. At year-end these totaled 1 157 employees, equivalent to 20% of the entire workforce.

Operating result and net profit

Rieter achieved disproportionately strong growth in profitability through high capacity utilization and attractive products. The operating result before interest and taxes (EBIT) increased from 75.7 million CHF to 112.6 million CHF, corresponding to growth of 49%. The operating margin rose to 10.8% of corporate output, compared to 9.0% in the previous year. Lower sales by the Premium Textile Components Business Group, increased pressure on margins in business invoiced in Swiss francs and higher capital spending on projects to expand capacity in China and India and for innovations and process improvements resulted in a lower operating return in the second six months of the year.

Rieter's net profit also increased significantly in the year under review, although the financial result was depressed by exchange losses and impairment of financial assets. The higher operating result and a capital gain contributed to this outcome. Net profit amounted to 119.0 million CHF or 11.4% of corporate output (82.9 million CHF and 9.9% in 2010). The capital gain of 47.3 million CHF arose from the reduction in Rieter's equity interest in Lakshmi Machine Works in India, which was announced on April 1, 2011. Earnings per share on continuing operations therefore amounted to 25.86 CHF (15.63 CHF excluding the capital gain). Return on net assets (RONA) since the separation was thus 19.8% (13.1% excluding the capital gain).

Dividend
Rieter Holding Ltd. posted a net profit of 28.7 million CHF for the 2011 financial year (143.1 million CHF in 2010). The Board of Directors will propose to the Annual General Meeting on April 18, 2012, that a dividend of 6.00 CHF be paid for the 2011 financial year out of the reserve from capital contributions. In the previous year Rieter shareholders received a special dividend in the form of registered shares of Autoneum Holding Ltd., which has been listed on the SIX Swiss Exchange since May 13, 2011, and operates Rieter's former automotive components supply business. Following the separation of the group, Rieter is aiming for a distribution ratio of about 30%, taking into consideration various factors such as the trend of business, liquidity needs and market prospects.

Spun Yarn Systems Business Group
Order intake of 775.0 million CHF by the Spun Yarn Systems Business Group in 2011 was 36% lower than a year earlier (1 217.9 million CHF). Sales by Spun Yarn Systems were 28% higher at 861.7 million CHF. Due to the high production volumes and good capacity utilization, the operating result before interest and taxes at Spun Yarn Systems almost doubled, rising from 42.4 million CHF to 81.2 million CHF. This is equivalent to an operating margin of 9.4% of corporate output (6.3% in 2010).

Premium Textile Components Business Group
Order intake by the Premium Textile Components Business Group declined by 22% to 183.3 million CHF in the year under review (235.2 million CHF in 2010). Generally speaking, the components business is less subject to market cycles than the machinery business. It therefore contributes to a more stable business trend for Rieter as a whole. Premium Textile Components posted a 4% increase in sales to 199.1 million CHF in the year under review. The operating result before interest and taxes rose from 29.6 million CHF to 35.1 million CHF. The operating margin of 12.9% of corporate output exceeded the previous year's figure (12.5%).

Sound balance sheet and finances
Even after the separation of the Rieter Group and the establishment of the Automotive Systems Division as an independent company through distribution of a special dividend, Rieter still has a sound balance sheet with an equity ratio of 35% (32% in 2010).

Despite the substantial increase in capital expenditure compared with the previous year, especially for expansion in China and India, Rieter generated free cash flow of 79.5 million CHF. Net liquidity therefore improved further to 159.0 million CHF (-3.5 million CHF in 2010).

Rieter's financial stability is additionally ensured by a 250 million CHF bond issue. On May 10, 2011, bondholders agreed that these bonds should remain in issue until 2015. This assures Rieter of strategic flexibility and the long-term financing of the company's development.

Separation of the Rieter Group completed

The separation of the group into two independent companies focusing on the textile machinery and automotive component supply business respectively, as announced on March 22, 2011, and approved by the Annual General Meeting on April 13, 2011, was completed as planned. Rieter's former automotive component supply business has been listed on the SIX Swiss Exchange as Autoneum Holding Ltd. since May 13, 2011. The former Rieter Automotive Systems Division features in the 2011 Annual Report as discontinued operations and appears as a separate item in the income statement. The special effects arising from revaluations included in this are of a technical nature and are non-recurring.

By focusing on the textile machinery business, Rieter can position itself more clearly and operate with greater strategic flexibility. Reporting in the two segments of Spun Yarn Systems and Premium Textile Components creates greater transparency and visibility for shareholders.

Systematic implementation of the strategy for long-term development of the business

On the basis of sound finances and a strong market position, Rieter intensified investment activity in 2011 in order to press on toward the achievement of its strategic goals and lay the foundations for further profitable growth. Investments in tangible assets were increased from 25.8 million CHF to 57.3 million CHF. Both business groups expanded manufacturing capacity in the large growth markets of China and India. By offering specific products, Rieter was increasingly successful in gaining customers who manufacture yarns for the domestic market in both countries. These markets continue to offer considerable growth potential with the increasing prosperity of the population.

Alongside this, in the year under review Rieter also invested in projects and programs to improve global processes and transfer production know-how, which will enhance flexibility, productivity and efficiency worldwide. Rieter will continue to pursue these investment projects in the years to come.

Rieter also accelerated innovation activity at both business groups. In 2011 Rieter increased research and development spending by 21% to 39.5 million CHF or 3.8% of corporate output (32.6 million CHF in 2010). At the ITMA, the industry's most important trade show worldwide, which was held in Barcelona in September 2011, Rieter presented an updated product portfolio featuring innovations in spinning preparation and all final spinning technologies, in both the machinery and the components segment. Rieter seeks through innovation to strengthen its customers' competitive position. Important objectives include novel types of yarn, improved utilization of raw material, lower operating costs and energy savings in spinning mills. Rieter is also continuously improving the price/performance ratio of its products.

Expertise in the textile value chain – a competitive advantage

Continuous innovative steps in components and machines are crucial to Rieter's long-term success. Together with its recognized expertise in the textile value chain and the ability to manufacture high-precision components in volume, innovations secure Rieter's strong global competitive position. The company is well placed to continue to maintain and extend its technological and innovation lead in the years to come. Rieter has a global customer base and presence and covers all four final spinning technologies as well as the relevant spinning preparation. Rieter is therefore able to optimize the spinning process as a whole.

Strong brands with an international impact
With its long industrial experience, its strong brands in the components business (Bräcker, Graf, Novibra and Suessen) and its extensive expertise in the textile value chain from raw materials to end products, the Rieter company enjoys global recognition. Rieter's specialists attended not only the ITMA, but a large number of other important trade fairs and symposia in specific markets in 2011. Rieter makes a major contribution to developing know-how throughout the industry through the presentation of research and development results.

Rieter diligently protects know-how of vital business importance through patents and by other means.

Increased flexibility
In 2011 Rieter took a number of steps to position itself more effectively in the marketplace and gain further flexibility. In India Rieter sold its interest in the Rieter-LMW Machinery Ltd joint venture, which had been formed in 1994. This transaction was announced on April 1 and concluded at the beginning of July 2011. Rieter also reduced its holding in former joint venture partner Lakshmi Machine Works (LMW) from 13% to approximately 3%. Rieter thus responded to changes in the market environment and gained freedom of maneuver to expand its own presence in India, thus enabling Rieter to produce machinery and components for the Indian domestic market.

As announced on October 26, 2011, Rieter signed a contract of sale for two manufacturing facilities in the Czech Republic. This move gives Rieter additional manufacturing flexibility and at the same time creates optimal development prospects for these units. This transaction was concluded as planned after balance sheet date.

Board of Directors and Annual General Meeting
Shareholders elected Erwin Stoller to the Board of Directors for a further three-year term of office at the Annual General Meeting held on April 13, 2011. Erwin Stoller continues to chair this body.

Dr. Jakob Baer, Michael Pieper, This E. Schneider, Hans-Peter Schwald and Peter Spuhler are standing for re-election for a further three-year term of office at the Annual General Meeting to be held on April 18, 2012.

Apart from a dividend payment of 6.00 CHF per share out of the reserve from capital contributions, the Board of Directors will additionally propose to the Annual General Meeting that new authorized capital be created to the amount of 500 000 registered shares. This measure will provide Rieter with greater flexibility for financing external growth.

Outlook
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 business 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 about another two percentage points. Disregarding these projects, Rieter expects volume-dependent profitability around the prior year level.

Further information about the year-end results as well as the Annual Report 2011 and photos for the media can be found at www.rieter.com (Media>>>Media Kit).
At www.rieter.com you can also subscribe to the mailing list for our press releases.

2011 Annual Results Media Conference
Today, March 21, 09.00 h

2011 Annual Results Financial Analysts' Conference
Today, March 21, 14.00 h

Location: Maschinenfabrik Rieter, Training Center, Klosterstrasse 32, 8406 Winterthur

Important dates 2012

Annual General Meeting 2012	April 18, 2012
Semi-annual report 2012	July 25, 2012

About Rieter

Rieter is a leading supplier on the world market for textile machinery and components used in short staple fiber spinning. Based in Winterthur (Switzerland), the company develops and manufactures systems, machinery and technology components used to convert natural and manmade fibers and their blends into yarns. Rieter is the only supplier worldwide to cover spinning preparation processes as well as all four final spinning processes currently established on the market. With 18 manufacturing locations in 9 countries, the company employs a global workforce of some 4 700, approx. 28% of whom are based in Switzerland. Rieter is listed on the SIX Swiss Exchange under ticker symbol RIEN. (www.rieter.com)

For further information please contact:

Rieter Holding AG
Investor Relations
Joris Gröflin
Chief Financial Officer
T +41 52 208 70 15
F +41 52 208 70 60
investor@rieter.com
www.rieter.com

Rieter Management AG
Media Relations
Barbara Rösch
Corporate Communications
T +41 52 208 70 32
F +41 52 208 70 60
media@rieter.com
www.rieter.com

Key Figures

CHF million	2011	2010	2011/2010 Change in %
Rieter			
Orders received	958.3	1 454.6	- 34
Sales	1 060.8	870.4	22
Corporate output [1]	1 042.5	841.4	24
Operating result before interest and taxes (EBIT) [2]	112.6	75.7	49
• in % of corporate output	10.8	9.0	
Net profit [3]	119.0	82.9	
• in % of corporate output	11.4	9.9	
Investments in tangible fixed assets and intangible assets	57.3	25.8	122
Total assets	1 111.4	1 969.1	- 44
Shareholders' equity before appropriation of profit	387.7	627.6	- 38
Number of employees at year-end [4]	4 695	4 395	7
Business Group Spun Yarn Systems			
Orders received	775.0	1 217.9	- 36
Sales	861.7	674.0	28
Corporate output [1]	866.3	669.4	29
Operating result before interest and taxes (EBIT)	81.2	42.4	92
• in % of corporate output	9.4	6.3	48
Business Group Premium Textile Components			
Orders received	183.3	235.2	-22
Sales	199.1	190.6	4
Corporate output [1]	272.6	237.2	15
Operating result before interest and taxes (EBIT)	35.1	29.6	19
• in % of corporate output	12.9	12.5	3

CHF million		2011	2010	2011/2010 Change in %
Rieter Holding Ltd.				
Share capital		23.4	23.4	
Net profit		28.7	143.1	- 80
Gross distribution		28.0[5]	- [6]	
Number of registered shares, paid-in		4 672 363	4 672 363	
Average number of registered shares outstanding		4 625 281	4 640 220	6
Price share (high/low)	CHF	267/133[7]	343/244[7]	
Number of registered shareholders on December 31		7 262	8 415	- 14
Market capitalization on December 31		653.2	1 565.8	- 58
Data per registered share				
Earnings per share [3]	CHF	25.86	17.18	45
Equity (group) [8]	CHF	81.92	120.57	- 32
Gross distribution (Rieter Holding Ltd.)	CHF	6.00[5]	- [6]	

1 Sales, adjustments for sales deductions and own work capitalized and changes in inventories of products manufactured by the company (see Annual Report page 32).
2 This includes in 2011 costs of projects for the expansion in Asia of about 10 million CHF as well as projects for process improvements of about 10 million CHF, mainly in the second half year.
3 From continuing operations (2011 incl. disposal gain).
4 Excluding apprentices and temporary employees
5 See proposal of the Board of Directors, Annual Report page 80.
6 Special dividend of one registered share of Autoneum Holding Ltd.
7 Source: Bloomberg.
8 Shareholders' equity attributable to shareholders of Rieter Holding Ltd. per share outstanding at December 31.

All statements in this report which do not refer to historical facts are forecasts for the future which offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors which are outside the company‘s control.