

2002 financial year: good performance in a difficult environment

Winterthur, February 5, 2003

Dear shareholders,

In the 2002 financial year *orders received* by the Rieter Group totalled 3 000 million CHF, equivalent to an increase of 3.9 percent compared with the previous year. Expressed in local currency the rise was as much as 8.2 percent. The positive trend in order intake was due primarily to the strong momentum of the textile machinery business in the Asian market.

In light of the difficult economic conditions, *consolidated sales* developed better than had been expected at the beginning of the year, declining by only 2.0 percent in local currency terms. Compared with the previous year's record figure, sales of 2 976 million CHF were 6.1 percent lower at current exchange rates.

Sales eased slightly in both sectors of the group's operations, textile machinery and automotive supply: by 2.7 percent to 1 848 million CHF at Automotive Systems due to the decline in value of

the US dollar and the euro, and by 10.5 percent to 1 108 million CHF at Textile Systems due to the subdued level of orders received in the autumn of 2001. The Textile Systems Division reported substantially higher sales in the second half of the year than in the first six months. At Automotive Systems sales in the second half were lower due to seasonal factors.

The operating margin (compared to corporate output) was better than in the previous year; the Rieter Group's operating result before interest and taxes will probably be at much the same level as in the previous year. As already indicated when the half-year results were published in August 2002, net profit will be lower than in the previous year. The continued poor performance of the financial markets had an adverse impact on net financial income.

Rieter Group		2002	2001	Change in %	
				actual	at previous year's exchange rates
Orders received	CHF million	3 000	2 886	3.9	8.2
– Textile Systems	CHF million	1 132	955	18.6	19.6
– Automotive Systems	CHF million	1 848	1 900	–2.7	3.3
Sales	CHF million	2 976	3 170	–6.1	–2.0
– Textile Systems	CHF million	1 108	1 239	–10.5	–9.1
– Automotive Systems	CHF million	1 848	1 900	–2.7	3.3
– Other companies	CHF million	20	31		
Employees at year-end		12 983	12 977	0.0	
– Textile Systems		4 520	4 675	–3.3	
– Automotive Systems		8 336	8 180	1.9	

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.

**Rieter Textile Systems:
sharply higher order intake**

Orders received by Rieter Textile Systems increased significantly in the 2002 financial year. They reached the encouraging level of 1 132 million CHF, equivalent to growth of 18.6 percent. After a subdued start to the year, Textile Systems recorded a generally strong first half due to positive momentum from China and Turkey. Order intake stabilized at a normal level in the second half of the year. This assures Rieter's production plants for staple fiber machinery of healthy levels of capacity utilization up to mid-2003. The markets for man-made fibers and non-wovens production machinery also revived towards the end of 2002.

The trend in *sales* was encouraging in the second half of the year following the first half which was still affected by the low level of orders received in autumn 2001. Sales were some 40 percent higher in the second half than in the first six months, reaching a total of 1 108 million CHF for the year as a whole. The development in demand for technical components and for staple fibre machinery, primarily the newly launched card and the innovative rotor system, was especially good.

Rieter Textile Systems has improved its cost structure by expanding its manufacturing facilities in low-cost countries. The division will achieve a higher operating return in 2002 than in the previous year. The operating result before interest and taxes will be only slightly lower than the previous year's figure.

**Rieter Automotive Systems:
sales growth of 3.3 percent in local
currencies**

The trend in global vehicle output in 2002 was better than expected. Production in western Europe was 1.2 percent lower than in 2001, but the Nafta region posted an increase of 5.8 percent. Automotive Systems recorded a 3.3 percent increase in *sales* expressed in local currencies, and a slight decline of 2.7 percent at current exchange rates.

Car manufacturers in North America promoted sales by offering discounts and free credit facilities. The Asian manufacturers benefited especially from the higher demand. Rieter Automotive achieved growth in line with the market as a whole in the important US market, and increased sales in the carpet business in particular. Rieter achieved higher sales in the contracting European market and despite the weak trend of business in Italy. Sales in France and the UK were

especially pleasing due to the success of our customers' vehicles. Rieter Automotive achieved a major breakthrough in supplying its Rieter Ultra Light acoustic system to a Japanese manufacturer, which will launch the new vehicles equipped with this product in Europe this spring.

Due to improved capacity utilization in the USA and ongoing efforts to enhance productivity, Rieter Automotive Systems expects to report an improvement on the previous year's operating result and operating return.

Dates

The final figures for the 2002 financial year will be announced at the results press conference to be held in Winterthur on April 3, 2003.

Any proposals regarding the agenda for the annual general meeting called for May 8, 2003, must be submitted to Rieter Holding Ltd., Office of the Group Secretary, Schlosstalstrasse 43 / P.O. Box, CH-8406 Winterthur, Switzerland, by February 28, 2003, together with the relevant motions and evidence of the necessary shareholdings (par value of 500 000 CHF, pursuant to Art. 699 of the Swiss Code of Obligations and §9 of the Articles of Association).

Yours faithfully,

Rieter Holding Ltd.



Kurt Feller
Chairman of the Board of Directors



Hartmut Reuter
Chief Executive Officer (CEO)