

Rieter reports higher sales in 2003

| | | 2003 | 2002 | Change in % | |
|--|-------|----------------|----------------|-------------|-----------------------------------|
| | | | | actual | at previous year's exchange rates |
| Orders received | CHF m | 2 965.2 | 2 999.8 | -1.2 | 1.3 |
| - Textile Systems | CHF m | 1 077.8 | 1 131.9 | -4.8 | -5.3 |
| - Automotive Systems | CHF m | 1 872.8 | 1 848.2 | 1.3 | 5.6 |
| Sales | CHF m | 3 115.2 | 2 976.2 | 4.7 | 7.4 |
| - Textile Systems | CHF m | 1 227.8 | 1 108.2 | 10.8 | 11.1 |
| - Automotive Systems | CHF m | 1 872.8 | 1 848.2 | 1.3 | 5.6 |
| - Other companies | CHF m | 14.6 | 19.8 | | |
| Number of employees at year-end | | 13 316 | 12 983 | 2.6 | |
| - Textile Systems | | 4 559 | 4 520 | 0.9 | |
| - Automotive Systems | | 8 629 | 8 336 | 3.5 | |

Winterthur, February 5, 2004

Dear shareholders,

The Rieter Group reported sales of 3 115.2 million CHF in the 2003 financial year, equivalent to an increase of 4.7%. In local currencies, sales were 7.4% higher. This growth in sales was due primarily to the healthy trend of business at Textile Systems and the first-time consolidation of the Spanish company Rieter Saifa at Automotive Systems, which contributed 2.5 percentage points to the growth of the group as a whole.

Orders received by Rieter in 2003 increased by 1.3% in local currencies. In Swiss francs the outcome was 1.2% lower at 2 965.2 million CHF (compared with 2 999.8 million CHF in 2002); order intake in the second half of 2003 was 5.2% higher than in the same period of the previous year, following a decline of 6.8% in the first six months.

The pace of sales growth at the two divisions of the Rieter Group diverged in 2003. Stronger demand in Asia boosted sales at the Textile Systems Division by 10.8% to 1 227.8 million CHF (1 108.2 million CHF in 2002). Rieter Automotive Systems recorded a 1.3% increase in sales to 1 872.8 million CHF (1 848.2 million CHF in 2002), despite the decline in

vehicle output in its main markets, Europe and North America. Automotive Systems recorded sales growth of 5.6% in local currencies. Regarding sales, the strong Euro was not enough to compensate for the sharp decline of the US dollar versus the Swiss franc.

At the end of 2003 the group employed a workforce of 13 316 worldwide, compared with 12 983 at the end of the previous year. The increase was due mainly to the further development of business activities in China, the expansion of manufacturing facilities in Eastern Europe and the first-time consolidation of Rieter Saifa in Spain.

The operating result before interest and taxes (EBIT) corresponds largely to the previous year's figure at group level. Net profit for 2003 will be considerably higher than in the previous year. The final report for the 2003 financial year will be published at the results press conference scheduled for March 30, 2004.

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. The 2003 figures have not yet been audited.

Sales growth at Rieter Textile Systems due to strong demand in Asia

The positive trend of business at the Textile Systems Division was reflected in sales growth of 119.6 million CHF to 1 227.8 million CHF.

In 2003 the main source of growth was in Asia, primarily China and Turkey, while sales in North and South America were weaker – partly due to currency effects. There were no signs of slowing demand in the Asian markets in the year under review.

Order intake in the first half of the year, which was affected by uncertainties such as the Iraq crisis and the Sars epidemic, was 11.1% lower than in the previous year. However, orders received in the second half were 2.7% higher than in the same period of the previous year. For the year as a whole orders received by the division declined by 4.8% to 1 077.8 million CHF (1 131.9 million CHF in 2002).

Rieter Textile Systems recorded higher sales in all segments of its operations. In the staple fiber sector – the most important area of Rieter's activities – the division supplies systems for the entire spinning process. Rieter Textile Systems participated successfully in the positive market trend by virtue of its broad product range, its innovative machinery and systems, and its established global presence. The man-made fiber market has bottomed out. Rieter sold significantly more systems and machines in this segment than in the previous year.

Sales levels maintained at Rieter Automotive Systems in a difficult market environment

Weak demand and excess capacity in the principal markets were characteristic features of the automotive industry in 2003. Global car production increased marginally to 57.8 million vehicles (57.1 million in 2002), but Rieter's two main markets – Western Europe and North America – recorded declines of 1.2% and 3.1%, respectively. The Japanese manufacturers expanded their market position in the US and Europe and substantially increased their output in these regions.

Rieter Automotive held its own against the backdrop of a weak market and reached a 1.3% increase in sales to 1 872.8 million CHF (1 848.2 million CHF in 2002). The division recorded a 5.6% increase in sales expressed in local currencies, with the first-time consolidation of Rieter Saifa in Spain contributing some 75 million CHF to growth.

Although many car manufacturers in North America and Europe reduced their output in the second half of the year, sales by Automotive Systems were 7.2% higher in the second half of 2003 than in the same period of the previous year.

Rieter Automotive Systems increased sales in local currencies in North America due to increased deliveries to Japanese customers. Sales in Europe rose as a result of the first-time consolidation of Rieter Saifa.

In China, the world's fastest growing car market, Rieter has established a joint venture with its Japanese partner Nittoku, which will supply acoustic systems and components to Japanese vehicle manufacturers in southern China as of spring 2004.

Annual general meeting on May 5

The annual general meeting will be held in Winterthur (Auwiesen indoor tennis arena) on May 5, 2004. Any proposals regarding the agenda must be submitted to Rieter Holding Ltd., Office of the Group Secretary, Schlosstalstrasse 43 / P.O. Box, CH-8406 Winterthur, Switzerland, by March 5, 2004, together with the relevant motions and evidence of the necessary shareholdings (par value of 500 000 Swiss francs, pursuant to Art. 699 of the Swiss Code of Obligations and §9 of the Articles of Association).

Rieter Holding Ltd.



Kurt Feller
Chairman
of the Board of Directors



Hartmut Reuter
Chief Executive Officer

Financial calendar

| | |
|--|-----------------|
| Results press conference and presentation for financial analysts | March 30, 2004 |
| Annual general meeting | May 5, 2004 |
| Dividend payment | May 12, 2004 |
| Semi-annual report 2004 | August 19, 2004 |

Presentation for investors

You will find a presentation regarding order intake and sales in 2003 at www.rieter.com (under Reports at Investor Relations).

Rieter Holding Ltd.
CH-8406 Winterthur
T +41 (0)52 208 71 71
F +41 (0)52 208 70 60
www.rieter.com

Investor relations:
T +41 (0)52 208 79 55
F +41 (0)52 208 70 60
E investor@rieter.com

Corporate communications:
T +41 (0)52 208 70 12
F +41 (0)52 208 72 73
E media@rieter.com