

Rieter reports higher order intake and sales – Suessen shareholding increased to 100%

		Change in %			
		2004	2003	actual	in local currencies
Orders received	CHF m	3 088.0	2 967.9	4.0	4.6
- Textile Systems	CHF m	1 090.9	1 077.8	1.2	0.7
- Automotive Systems	CHF m	1 978.6	1 875.6	5.5	6.7
Sales	CHF m	3 173.2	3 118.3	1.8	2.6
- Textile Systems	CHF m	1 176.1	1 228.2	-4.2	-4.1
- Automotive Systems	CHF m	1 978.6	1 875.6	5.5	6.7
- Other activities	CHF m	18.5	14.5		

February 3, 2005

Dear shareholders:

The Rieter Group increased orders received and sales in the 2004 financial year. Orders received of 3 088.0 million CHF were 4.0% higher than in the previous year (+4.6% in local currencies). Both divisions recorded increases in orders received during the year under review. Following a strong first half, the Textile Systems division felt the effects of restraint on the part of customers in the second half of the year.

Rieter increased sales by 1.8% (+2.6% in local currencies) to 3 173.2 million CHF. Sales growth at the Automotive Systems division more than compensated for the decline at Textile Systems. Sales of Textile Systems totaled 1 176.1 million CHF (1 228.2 million CHF in 2003). While Rieter very successfully maintained the level of sales of staple fiber machinery, the man-made fiber machinery business suffered from a downturn due to market-related factors. Automotive Systems posted a 5.5% sales increase (+6.7% in local currencies) to 1 978.6 million CHF (1 875.6 million CHF in 2003). This increase was achieved in an environment of vehicle production volumes at approximately the previous year's level in Rieter's main markets of Western Europe and North America. The continued decline in the value of the US dollar compared to previous year was only offset to the extent of approximately 50% in sales by the rise in the value of the Euro.

Expansion of the components business at Textile Systems

Rieter has exercised its options to acquire the remaining shares of Spindelfabrik Suessen GmbH, based in Süssen, Germany, by increasing its holding from 19% to 100%. These activities will be consolidated in group accounts as of January 1, 2005. This change will further reinforce Rieter's position as a leading global supplier of technology components, conversions and service offerings.

Suessen is primarily engaged in the development and manufacturing of technology components for Ring and Rotor spinning machines, which it supplies to all major machine manufacturers and directly to spinning mills. Consolidated sales in 2004 were some 70 million CHF, thereof Rieter companies accounted for about one fifth of this total.

Suessen employs a workforce of some 250 employees in Germany and a further 350 employees at a production plant in India. With the integration of the Indian plant, Rieter will reinforce its position in the strategically important Asian markets.

Higher order intake at Textile Systems

Orders received by Textile Systems in 2004 were 1.2% higher at 1 090.9 million CHF. Trends differed in the two

halves of the year. While the first six months were dominated by strong demand in Asia, resulting in significant growth compared with the same period of 2003, fewer orders from China in the second half resulted in weaker order intake compared with the previous year. On an annual basis the stronger demand from other Asian markets such as Pakistan and India, as well as higher levels of orders received in Europe and America, more than offset the lower order intake in the Chinese market.

The decline in sales in the first half due to delivery delays because of a scarcity of resources at some of our customer sites in China could not be regained in the second half of the year, so sales were 4.2% lower at 1 176.1 million CHF. The main markets in 2004 were again in Asia; they accounted for almost 70% of Textile Systems' sales (approximately 61% in 2003).

In the year under review Textile Systems improved its leading position as a systems supplier for the entire spinning process in the staple fiber sector to reinforce its market position. Textile Systems continued to expand its position both in machinery for spinning preparation and in end spinning machines. Demand in the man-made fiber machinery market served by Textile Systems remained restrained overall in the year under review; there was a positive trend in carpet yarn machinery. Rieter has expanded its product range in the nonwovens machinery business. In 2004 spunbond and meltblown installations were supplied in addition to the established spunlace process.

Increase of sales at Automotive Systems

Automobile production worldwide increased by some 5% in 2004. The main growth-regions were Eastern Europe and Asia (China and Korea). Vehicle production in Western Europe and North America, Rieter's main markets, was approximately at the previous year's level. Automotive Systems recorded a 5.5% increase in sales to 1 978.6 million CHF in the year under review; expressed in local currencies, growth amounted to 6.7%.

The acoustic segment of Rieter is continuing to grow faster than vehicle production as a whole, also because acoustic

comfort is gaining importance for vehicles in the lower and medium-range categories. Rieter improved its position as a leading supplier of integrated acoustic solutions in 2004.

Since spring 2004 Automotive Systems has been manufacturing noise control components at Huadu in the South of China for Japanese manufacturers operating there. At the end of 2004 Rieter Automotive already had some 100 employees at this new plant.

As announced on 12 January 2005, Rieter has increased its share to 100% in the US automotive supplier Magee Rieter. Rieter has so far held a 50% interest in this North American carpet manufacturer. The acquisition represents a further expansion of Rieter's automotive supply business in North America.

Outlook for 2004 results

Rieter will exceed the previous year's operating result before interest and taxes (EBIT) and the net profit, and achieve higher earnings per share. The results for the 2004 financial year will be announced at the press conference scheduled for March 30.

Annual general meeting on April 28, 2005

The annual general meeting will be held in Winterthur on April 28, 2005. Any proposals regarding the agenda must be submitted in writing to Rieter Holding Ltd., Office of the Group Secretary, Schlosstalstrasse 43 / P.O. Box, CH-8406 Winterthur, Switzerland, by February 28, 2005 at the latest, together with the relevant proposals and evidence of the necessary shareholdings (par value of 500 000 Swiss francs, according 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

Presentation for investors

You will find a presentation regarding order intake and sales in 2004 at www.rieter.com (under Reports at Investor Relations).

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

Investor Relations
Urs Leinhäuser, CFO
T +41 (0)52 208 79 55
F +41 (0)52 208 70 60
E investor@rieter.com

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

Financial calendar
Results press conference and
presentation for financial analysts March 30, 2005
Annual general meeting April 28, 2005
Dividend payment Mai 6, 2005
Semi-annual report 2005 August 16, 2005