

Order intake at the Rieter Group 4.7% higher – Automotive Systems sales top 2 billion CHF for the first time

Sales and orders received by the Rieter Group developed positively in the second half of 2005. Orders received in the 2005 financial year increased by 4.7% compared with the previous year, exceeding 3.2 billion CHF for the first time. Consolidated sales of 3 160 million CHF were only slightly lower than the previous year's record figure; the decline in the first half of the year was almost compensated.

	CHF m	2005	2004	Change in %	
				in CHF	in local currencies
Orders received	CHF m	3 233.2	3 088.3	4.7	3.5
- Textile Systems	CHF m	1 182.1	1 091.0	8.4	7.9
- Automotive Systems	CHF m	2 037.0	1 978.9	2.9	1.4
Sales	CHF m	3 160.0	3 173.2	-0.4	-1.5
- Textile Systems	CHF m	1 108.9	1 175.9	-5.7	-6.1
- Automotive Systems	CHF m	2 037.0	1 978.9	2.9	1.4
- Other Activities	CHF m	14.1	18.4		

February 3, 2006

Dear shareholders:

Good trend of business in the second half

Orders received by the Rieter Group in 2005 increased by 4.7% to 3 233.2 million CHF. Both divisions contributed to this development. Following the decline in the first half, which was due primarily to a subdued textile machinery market in Asia, orders increased considerably in the second six months of 2005, especially at Textile Systems, compared with both the second half of 2004 and the first half of 2005.

Group sales of 3 160.0 million CHF almost equaled the record figure of 3 173.2 million CHF achieved in the previous year. Despite the difficult market environment in Western Europe and North America, Automotive Systems achieved sales growth that almost compensated for the cyclical decline in sales at Textile Systems. Exchange rate movements had a slightly positive influence on consolidated sales overall.

Textile Systems: sharp rise in orders received in the second half of the year

The trend of business at Rieter Textile Systems in 2005 reflects two disparate halves. Following a subdued first six months due to uncertainties regarding the WTO quota rules for textiles, order intake at Rieter in the second half of the year recorded

a steep rise of 42.3%. On an annual basis the increase amounted to 8.4%, totaling 1 182.1 million CHF.

This positive trend in the second half was mainly due to strong demand from India and Turkey. Both countries benefited from free market access for their textile exports to Europe and the US, whereas China was subject to new restrictions. Orders received from China were therefore lower than in the previous year. The four most important markets for Rieter Textile Systems in 2005 were India, Turkey, China and Pakistan. Rieter Textile Systems recorded higher order intake especially for machinery and components for the production of staple fiber yarns and nonwovens machinery. The man-made fiber machinery business continued to decline in a difficult market environment.

As a result of lower order intake in the second half of 2004 and the first half of 2005, sales of 1 108.9 million CHF by the division in the year under review were 5.7% lower overall. Full consolidation of the Suessen Group (as of January 1, 2005) and the acquisition of the Graf Group (consolidated as of October 1, 2005) contributed 84.5 million CHF to the division's total sales in 2005.

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 limited to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control. The 2005 figures have not yet been audited.

Through the acquisition of these two manufacturers of technology components Rieter Textile Systems has further extended its global market lead in this field.

Automotive Systems: higher sales in stagnating markets

Rieter Automotive Systems reported higher sales in 2005 despite decreasing vehicle output in Western Europe and stagnating production figures in North America. More vehicles were manufactured worldwide in total, but growth was achieved mainly in the new markets of Eastern Europe and Asia, as well as in South America. As a leading supplier of acoustic and thermal management solutions, Rieter Automotive is well positioned in the traditional markets and reinforced its position in the growth markets in 2005.

Automotive Systems achieved growth of 6.9% in the second half of the year and increased sales by 2.9% to 2 037.0 million CHF in 2005. Sales therefore exceeded 2 billion Swiss francs for the first time. Exchange rate movements had a slightly positive influence on this development. Growth was entirely organic. The division recorded above-average growth in North America. This was due primarily to Rieter Automotive's strong position with Japanese manufacturers. Rieter also benefited from successful model launches by North American manufacturers. Rieter Automotive's sales declined in Europe. This was due especially to lower output by automotive manufacturers in Southern Europe and to model changes in vehicles with large Rieter content per car. In Eastern Europe Rieter benefited from growth in vehicle output in this emerging region and increased its market share.

Outlook for 2005 results

As already announced in August, Rieter will report a disproportionate improvement in the operating result before interest and taxes (EBIT) in the second half of 2005 compared with the first six months, but will not achieve the previous year's total figure. However, in its financial result Rieter seized the opportunities offered by the positive market environment.

The Rieter Group's final results for 2005 will be announced at the press conference scheduled for March 29, 2006.

Annual General Meeting on April 27, 2006

The 2006 Annual General Meeting will be held in Winterthur on April 27. 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, 2006, at the latest, including the relevant motions and evidence of the necessary shareholdings (par value of 500 000 Swiss francs, as stipulated in Art. 699 of the Swiss Code of Obligations and §9 of the company's Articles of Association).



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 2005 at www.rieter.com (under Reports at Investor Relations).

Rieter Holding AG

CH-8406 Winterthur
T +41 52 208 71 71
F +41 52 208 70 60
www.rieter.com

Investor Relations

Urs Leinhäuser, CFO
T +41 52 208 79 55
F +41 52 208 70 60
investor@rieter.com

Corporate Communications

Peter Grädel
T +41 52 208 70 12
F +41 52 208 72 73
media@rieter.com

Financial calendar

Results press conference and presentation for financial analysts	March 29, 2006
Annual General Meeting	April 27, 2006
Dividend payment	May 4, 2006
Semi-annual report 2006	August 15, 2006