

Financial year 2000: pleasing growth

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Dear shareholder,

The Rieter Group recorded a pleasing rate of growth in the financial year 2000. Orders received totalled 2955 million CHF, 27% higher than the previous year's figure, and sales rose by 20% to 2929 million CHF. The group's growth momentum was largely attributable to the trend in the textile machinery business. The upturn in the world market for textile machinery and the companies acquired in France in the spring of 2000 enabled the Rieter Textile Systems Division to achieve striking rises in orders received and sales. Rieter Automotive Systems also recorded a marked increase in sales compared with 1999 despite the slowdown in the North American market, the impact of which became particularly

apparent towards year-end. Exchange rates had a positive impact of 2.5 and 3.1 percentage points, respectively, on order intake and sales at the Rieter Group. Rieter achieved this 20% growth in sales with a workforce totalling 12 232 at year-end, an increase of only 9% compared with 1999. The rise in the number of employees resulted largely from acquisitions.

Due to the positive sales trend and ongoing cost management, the operating result before interest and taxes and net profit will exceed the previous year's figures.

Rieter Group		2000	1999	Change in %	
				actual	at 1999 exchange rates
Orders received	CHF m	2955 ¹	2323	27.2	24.7
-Textile Systems	CHF m	1114 ²	642	73.5	75.0
-Automotive Systems	CHF m	1825 ³	1663	9.7	5.7
-Other companies	CHF m	16	18		
Sales	CHF m	2929 ¹	2435	20.3	17.2
-Textile Systems	CHF m	1088 ²	754	44.3	43.3
-Automotive Systems	CHF m	1825 ³	1663	9.7	5.7
-Other companies	CHF m	16	18		
Employees at year-end		12 232 ¹	11 262	8.6	

¹ Incl. acquisition of ICBT units and Idea Institute.

² Incl. acquisition of ICBT units, consolidated with effect from May 1, 2000.

³ Incl. acquisition of Idea Institute, consolidated with effect from August 1, 2000.

**Rieter Textile Systems:
highly successful financial year**

The world market for textile machinery stabilized at a high level in the second half of the year 2000 following the boom-like upswing in the first six months. Demand for staple fiber machinery was especially encouraging throughout the year. Capacity utilization is therefore assured for the months to come. The market for man-made fiber machinery remained much weaker.

Rieter Textile Systems was able to take full advantage of the favourable business conditions with an attractive range of products. Orders received by the division totalled 1114 million CHF, an increase of 74% compared with 1999. Sales grew by 44% to 1088 million CHF. While order intake in the second half was somewhat lower, as expected, the sales trend remained pleasing. In connection with these key statistics it should be kept in mind that the previous year was characterized by a historic slump in demand. The units acquired from the ICBT Group in France and included in the consolidation since May 1, 2000, contributed 171 million CHF to the division's total sales. Exchange rate movements had only an insignificant impact on the growth of Textile Systems.

Due to good capacity utilization levels, ongoing rigorous cost management and price discipline, Rieter Textile Systems will post a sharp increase in operating result before interest and taxes for the year 2000 compared with 1999.

**Rieter Automotive Systems:
growth and new model launches**

Sales at Rieter Automotive Systems rose by 10% to 1825 million CHF in the financial year 2000. Exchange rate movements had a positive impact of 4 percentage points on this key figure. The increase in sales was due mainly to organic growth. Idea Institute, the Italian automotive design and engineering firm acquired in August, has been consolidated since August 1, 2000, and contributed 19 million CHF to growth.

Development trends in Automotive Systems' two main markets, western Europe and the Nafta region, differed in the year 2000. While vehicle output stagnated in western Europe, business activity slowed sharply in North America in the second half of the year. As a result, sales by Automotive Systems were 6% lower in the second half than in the first. Automotive Systems grew faster than the market as a whole in both regions.

The Rieter Ultra Light acoustic system, which enables vehicle weights to be reduced substantially while maintaining a high level of acoustic comfort, continued to attract healthy demand from car manufacturers. Automotive Systems received more major orders for this innovative system in the second half of the year, and these will generate additional sales in the years to come. New vehicle models equipped with Rieter Ultra Light came into production in Europe and North America in the year 2000.

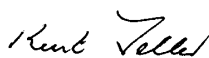
Expenditure on new model launches, which will generate growth in the years to come, had a negative impact on the earnings trend at Automotive Systems in the second half. The division's operating result before interest and taxes will not quite equal the previous year's figure.

Next important dates

The final figures for the financial year 2000 will be announced at the results press conference on April 11, 2001. Any proposals regarding the agenda for the annual general meeting called for May 30, 2001, must be submitted to Rieter Holding Ltd., Office of the Group Secretary, Schlosstalstrasse 43/P.O. Box, CH-8406 Winterthur, Switzerland, by March 22, 2001, together with the relevant motions and evidence of the necessary shareholdings (par value of 1 million CHF, pursuant to Art. 699 of the Swiss Code of Obligations).

Yours faithfully,

Rieter Holding Ltd.



Kurt Feller
Chairman
of the board of directors



Erwin Stoller
CEO Rieter Textile Systems



Matti Paasila
CEO Rieter Automotive Systems