

Both divisions post record sales – Orders received exceed 4 billion CHF for the first time

The Rieter Group recorded further increases in sales and orders received in the 2007 financial year against the backdrop of the high volumes already achieved in 2006. Order intake rose to 4 066.4 million CHF, 7% above the previous year's figure, and sales of 3 930.1 million CHF were 12% higher. Both figures were new records for Rieter.

CHF million	2007	2006	Change	Change in local currencies
Orders received	4 066.4	3 793.5¹	7%	5%
- Textile Systems	1 703.1	1 614.3 ¹	6%	4%
- Automotive Systems	2 363.3	2 179.2	8%	7%
Sales	3 930.1	3 501.4¹	12%	10%
- Textile Systems	1 566.8	1 322.2 ¹	18%	16%
- Automotive Systems	2 363.3	2 179.2	8%	7%

¹ Figures excluding the manmade fiber activities divested in 2006
(orders received in 2006: 110.0 million CHF; sales in 2006: 78.5 million CHF)

January 31, 2008

Dear shareholder:

The global economy as a whole developed positively in 2007. Growth momentum was a characteristic feature in all major industrialized countries as well as in the emerging markets in Asia and Latin America. Rieter took advantage of this development in both divisions.

The markets served by the two divisions of the Rieter Group, Textile Systems and Automotive Systems, recorded significant growth in the year under review. The investment climate on the world market for textile machinery was very favorable in the first six months in particular. Vehicle output by the automotive industry increased worldwide. In Rieter's principal markets vehicle production rose in Western Europe, but was slightly lower in North America. The countries in Eastern Europe, Asia and Latin America recorded strong growth.

Orders received by the Rieter Group increased by 7% to 4 066.4 million CHF in 2007, thus exceeding 4 billion CHF for the first time. Both divisions contributed to this development. Rieter's sales rose by 12% to 3 930.1 million CHF. This good performance is attributable entirely to organic growth, which was resolutely pursued in both divisions. Exchange rate movements had a slightly positive impact on group sales.

Textile Systems: striking increase in sales due to record deliveries to Turkey and India

For textile machinery producers the investment climate on the world market was generally favorable in 2007. The strongest demand for spinning machinery came from Turkey and from the Asian countries India and China. Demand was especially strong in the first six months.

As a leading systems supplier, Rieter was able to take full advantage of the positive market environment in 2007 and posted a record level of orders received. This was due to systematic renewal of the product offering, an efficient global sales and service organization and increasing value added in India and China. Rieter Textile Systems helps customers to reinforce their market position and cut costs with innovative product and system solutions.

Compared with the previous year, order intake was 6% higher, reaching the record level of 1 703.1 million CHF (1 614.3 million CHF in 2006). Demand eased in the second half of the year, as expected, leading to a decline in orders received, but order intake of 619 million CHF still exceeded the average six-month figure for the years 2004 to 2006. All product segments contributed to the high order intake, spinning machinery as well as technology components. Rieter also posted an increase in orders received for nonwovens production machinery and pelletizing machinery. Furthermore, Rieter secured large orders in the US and Brazil, where rotor spinning lines are traditionally in use.

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 2007 figures have not yet been audited.

Compared with the previous year, sales increased by 18% to the historical record level of 1 566.8 million CHF. Sales revenues lost as a result of the divestiture of the manmade fiber machinery business at the end of 2006 were more than offset. As in the case of orders received, Turkey, India and China also headed the sales rankings. The division generated 71% of sales in Asia (incl. Turkey) in the year under review (67% in 2006).

Automotive Systems: continued growth in sales and market share

Worldwide automobile production in 2007 rose by 5.3% to 69.6 million vehicles. Trends diverged in Rieter Automotive Systems' two main markets, Western Europe and North America. While vehicle output declined slightly in North America, it increased by 2.4% in Western Europe. The countries in Eastern Europe, Asia and Latin America recorded significantly stronger growth in production.

The growth trend of the past five years continued at Automotive Systems in the year under review. The division's sales of 2 363.3 million CHF were 8% higher. Growth at Rieter Automotive was just as strong in the second half as in the first six months of 2007. This growth was due to its leading position as a supplier of acoustic and thermal management systems and was entirely organic. It was achieved in all economic regions by virtue of the division's worldwide presence in our customers' markets. Rieter Automotive continued to support the automotive manufacturers' goals of weight and CO₂ reduction in 2007 with its weight-saving acoustic packages and aerodynamic underfloor modules.

Rieter Automotive Systems grew significantly faster than vehicle production especially in Western Europe and North America. The division also posted a substantial increase in sales in South America. Due to its reinforced presence in Asia, Rieter also recorded significant sales in these markets in 2007. Business with the Japanese manufacturers developed positively, especially in the US. Rieter Automotive Systems received major new orders for carpet systems in the US in 2007 and commenced deliveries for various new vehicle models. Rieter is therefore well placed to achieve further sustained growth.

Outlook for 2007 results

Based on the trend in operating results at the Textile Systems Division, Rieter expects an improvement in the operating result (EBIT) and a further increase in net profit and earnings per share for 2007.

The Rieter Group's final results and the Annual Report for 2007 will be published at the presentation to financial analysts and the results press conference scheduled for March 20, 2008.

Annual General Meeting on May 8, 2008

The 2008 Annual General Meeting will be held in Winterthur on May 8, 2008. 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 March 6, 2008, at the latest, including the relevant motions and evidence of the necessary shareholdings.

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 2007 at www.rieter.com (under: Reports at Investor Relations).

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Financial calendar
Results press conference and
presentation for financial analysts March 20, 2008
Annual General Meeting May 8, 2008
Dividend payment May 15, 2008
Semi-annual report 2008 August 13, 2008