

## Media Release

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### Financial year 2016

- **Order intake grows by 13% thanks to a good first half year**
- **Sales of CHF 945 million following a stronger second half year – full year below previous year as expected**
- **EBIT margin of 6% and net profit of 4.5% of sales expected for 2016**
- **Reorganization of the Ingolstadt site**
- **Change in the Group Executive Committee**

The Rieter Group achieved an order intake of CHF 905.2 million in the 2016 financial year. This represents an increase of 13% compared to the previous year (CHF +103.6 million). Sales amounted to CHF 945.0 million (2015: CHF 1 036.8 million) and as expected were 9% down on the previous year. The development in order intake was heavily influenced by the Business Group Machines & Systems. The business groups Components and After Sales increased their sales compared to the previous year. At the Ingolstadt site, Rieter intends to focus in the future on the development of machines and the provision of technical support for the after-sales business. The full annual financial statements and the Annual Report will be published by Rieter on March 14, 2017.

### Market environment and order intake

The market environment in financial year 2016 was characterized by strong demand in the first half year (CHF 510.7 million) and by mixed dynamics in the individual countries and product categories in the second half year (CHF 394.5 million). The lower demand in the second half of the year, especially in the Business Group Machines & Systems, was attributable to increasing political uncertainties in the main markets of Turkey and India. Thanks to the strong global presence and the broad and technologically advanced product range, Rieter achieved orders amounting to CHF 905.2 million in the full financial year 2016.

### Order intake by business group

CHF million (unaudited)	2016	2015	Difference	Difference in local currency	Difference without divestments
<b>Order intake</b>	<b>905.2</b>	<b>801.6</b>	<b>13%</b>	<b>14%</b>	<b>16%</b>
Machines & Systems	591.6	457.6	29%	31%	36%
After Sales	135.2	126.3	7%	7%	7%
Components	178.4	217.7	-18%	-19%	-19%

This positive development was mainly driven by the Business Group Machines & Systems. In the new machine business, order intake rose by 29% to CHF 591.6 million (2015: CHF 457.6 million). The business group achieved pleasing growth in India thanks to major orders for the compact system K 42. In China, despite a slight upturn in the second half of the year, the value of orders received was less than the previous year. In the other Asian countries, especially thanks to Uzbekistan, Pakistan and Bangladesh, Machines & Systems realized slightly higher orders. In Turkey, Machines & Systems achieved a markedly higher order volume due to the good demand in the first half year. Orders from the Americas declined year-on-year. Demand for rotor spinning systems fell sharply.

In the year under review, the Business Group After Sales increased its orders by 7% to CHF 135.2 million (2015: CHF 126.3 million). After Sales achieved this through increased orders for spare parts and services, and a larger order volume for installations in the new machine segment. In geographical terms, growth was broad-based. The business group achieved particularly dynamic growth in Turkey and India. However, in the American markets, which are significant for After Sales, the business group recorded a slight decline in orders due to the lower utilization of regional spinning mills.

In the Business Group Components, order intake fell by 18% to CHF 178.4 million, compared to the exceptionally strong previous year (2015: CHF 217.7 million). The order intake in the American countries developed positively thanks to a large order in Mexico. In the other Asian countries, order intake was slightly below the previous year. By contrast, compared to the particularly dynamic financial year 2015, customers in China and India showed restraint in the awarding of major contracts.

At the end of 2016, Rieter's order backlog amounted to around CHF 440 million (December 31, 2015: around CHF 470 million).

### Sales by business group

Rieter's sales amounted to CHF 945.0 million in 2016 (2015: CHF 1 036.8 million), which represents a decline of 9% compared to the previous year. This development is mainly attributable to the subdued course of business at Machines & Systems in the first half of the year, while the business groups After Sales and Components showed a slight increase compared to 2015.

CHF million (unaudited)	2016	2015	Difference	Difference in local currency	Difference without divestments
<b>Sales</b>	<b>945.0</b>	<b>1 036.8</b>	<b>-9%</b>	<b>-9%</b>	<b>-7%</b>
Machines & Systems	603.4	702.3	-14%	-13%	-11%
After Sales	141.6	139.8	1%	1%	1%
Components	200.0	194.7	3%	1%	1%

### Sales by region

Both in China and India, Rieter significantly increased sales in the year under review, by 33% to CHF 186.5 million and by 28% to CHF 182.1 million, respectively. In the other Asian countries, sales declined by 12%, but remained at a good level of CHF 286.3 million. In North and South America, following the completion of deliveries of large orders in the previous year, sales declined to CHF 86.6 million. In Turkey, a large portion of the good order intake from the first half year was delivered on schedule by the end of the year. Despite this, sales in Turkey fell to CHF 119.4 million, a reduction of 17% compared to the previous year. In Europe, sales decreased to CHF 40.9 million (2015: CHF 60.2 million) due to the disposal of the Schaltag group in July 2015.

CHF million (unaudited)	2016	2015	Difference	Difference in local currency	Difference without divestments
<b>Sales</b>	<b>945.0</b>	<b>1 036.8</b>	<b>-9%</b>	<b>-9%</b>	<b>-7%</b>
Europe	40.9	60.2	-32%	<b>-33%</b>	-5%
Asian countries <sup>1</sup>	286.3	323.8	-12%	-11%	-11%
China	186.5	139.8	33%	35%	35%
India	182.1	142.0	28%	29%	29%
Turkey	119.4	143.7	-17%	-17%	-17%
Americas	86.6	200.6	-57%	-57%	-57%
Africa	43.2	26.7	62%	62%	62%

<sup>1</sup> Not including China, India, Turkey

### Reorganization of the Ingolstadt site, Germany

At the Ingolstadt site, Rieter intends to focus on the development of machines and the provision of technical support for the after-sales business. Productions shall be transferred to Rieter's Usti site in the Czech Republic. By this means, Rieter intends to increase its competitiveness and conclude the reorganization of production, which is a consequence of the capacity build-up in China and India.

Spare parts logistics shall be awarded to a service provider within the framework of a European solution. With this step, Rieter aims to achieve a significant reduction in delivery times and create the conditions for further growth. Order processing for spare parts shall be concentrated at the Winterthur site.

The development of machines and technical support for the after-sales business, which remain in Ingolstadt, are to be housed in a new building, which will provide optimal support for the development work and cooperation between the two areas.

The concept envisages the reduction of around 220 jobs at the Ingolstadt site. At the end of December 2016, Rieter had 360 employees in Ingolstadt.

Once the measures are complete at all affected sites, a cost reduction of CHF 15-20 million is expected from 2019. Rieter anticipates that one-off expenditure in the mid-double-digit million range will be required for implementation purposes over the next two years.

The consultation process with the employees' representatives will begin shortly. Rieter will provide information about the outcome at the appropriate time.

### **Profit outlook for 2016**

For the year as a whole, Rieter expects an EBIT margin of 6% and a net profit of 4.5% of sales.

### **Serge Entleitner takes over as Head of the Business Group Components on April 6, 2017**

The Board of Directors of Rieter Holding AG has appointed Serge Entleitner to the Group Executive Committee of the Rieter Group with effect from April 6, 2017. Serge Entleitner takes over the management of the Business Group Components from Werner Strasser, who, at his own request, takes well-deserved retirement on April 30, 2017. He will resign as a member of the Group Executive Committee with effect from April 6, 2017.

After obtaining an MBA degree from the University of Innsbruck, Serge Entleitner started his professional career at Saurer Sticksysteme AG. Most recently, he was responsible for the Business Area Consumer Foods at Bühler AG. He has broad experience in the successful development and management of international capital goods business.

Werner Strasser began his career at Rieter in 1994. He headed the Business Group Components since 2002 and has been a member of the Group Executive Committee since 2011. The Board of Directors would like to thank Werner Strasser for his extraordinary contribution to the development of the components business and the Rieter Group and wishes him all the best for the future.

### **Annual General Meeting of April 5, 2017**

The 2017 Annual General Meeting of Rieter Holding Ltd. will take place on April 5 at the Eulach-Hallen in Winterthur, Switzerland. Any proposals regarding the agenda are to be submitted in writing to Rieter Holding Ltd., Office of the Company Secretary, Klosterstrasse 32, CH-8406 Winterthur, Switzerland by February 22, 2017 at the latest, accompanied by information concerning the relevant motions and evidence of the necessary shareholdings (with a par value of CHF 0.5 million as stipulated by Article 699 of the Swiss Code of Obligations and §9 of the Articles of Association).

## Presentation material

The full presentation material and the media release can be found at:

<http://www.rieter.com/en/rieter/media/press-releases/>.

You can also register for our media release e-mail dispatch service at:

<http://www.rieter.com/en/subscription/>

## Forthcoming dates

- Results press conference 2017: March 14, 2017
- Annual General Meeting 2017: April 5, 2017
- Semi-annual report for 2017: July 20, 2017

For further information please contact:

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## About Rieter

Rieter is the world's leading supplier of systems for short-staple fiber spinning. Based in Winterthur (Switzerland), the company develops and manufactures machinery, systems and components used to convert natural and manmade fibers and their blends into yarns. Rieter is the only supplier worldwide to cover spinning preparation processes as well as all four end spinning processes currently established on the market. With 15 manufacturing locations in nine countries, the company employs a global workforce of some 5 022, about 20% of whom are based in Switzerland. Rieter is listed on the SIX Swiss Exchange under ticker symbol RIEN. [www.rieter.com](http://www.rieter.com)

### Disclaimer

All statements in this report which do not refer to historical facts are forecasts for the future which offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors which are outside the company's control.