

Media Release

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Winterthur – March 14, 2017

Financial year 2016

- **Order intake grows by 13% thanks to a good first half year**
- **Sales of CHF 945 million below previous year as expected**
- **EBIT margin of 6% and net profit of 4.5% of sales**
- **Free cash flow at CHF 76.3 million – increase of dividend proposed to CHF 5.00**
- **Changes in the Board of Directors**

The 2016 financial year was characterized by a significantly higher order intake, especially in the first half year, and lower sales compared to the previous year. Despite the decline in sales, Rieter achieved an EBIT margin of 6%. Against the background of the solid financial and earnings position, the Board of Directors proposes to the shareholders to increase the dividend compared to the previous year.

In the full year, order intake rose by 13% year-on-year to CHF 905.2 million. In the first half of 2016, orders were at a good level of CHF 510.7 million, mainly driven by solid demand from Turkey. In the second half of the year, the dynamism in Turkey and India slowed significantly due to increasing political uncertainties, with the result that orders declined to CHF 394.5 million.

Sales decreased to CHF 945.0 million, mainly due to the sluggish demand for machinery and systems in the second half of 2015. The market volume of CHF 3.2 billion in 2016 was roughly 8% down on the previous year. Thanks to its global positioning and attractive service portfolio, Rieter succeeded in achieving a market share of around 29% (30% in 2015).

EBIT margin, net profit and free cash flow

In spite of the 9% decline in sales, Rieter achieved an EBIT margin of 6.0% (CHF 56.5 million) and a net profit of 4.5% of sales (CHF 42.7 million). At CHF 76.3 million, free cash flow was significantly higher than net profit. Rieter further strengthened its balance sheet in the year under review. The equity ratio as of December 31, 2016, was 46.2% (44.3% at December 31, 2015).

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 (CHF 200.6 million in 2015). 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 (CHF 60.2 million in 2015), due to the disposal of the Schaltag group in July 2015.

Business groups

The Machines & Systems Business Group recorded sales of CHF 603.4 million (CHF 702.3 million in 2015) and EBIT of CHF 3.6 million (CHF 14.8 million in 2015), thus compensating for a large portion of the market-related volume effect on earnings. At CHF 591.6 million, order intake was well above the previous year (CHF 457.6 million in 2015). After Sales generated EBIT of CHF 25.5 million (CHF 26.5 million in 2015) on sales of CHF 141.6 million (CHF 139.8 million in 2015). The lower result is due to investments relating to the further expansion of the business. Order intake of CHF 135.2 million was 7% above the previous year (CHF 126.3 million in 2015). Components increased sales to third parties to CHF 200.0 million (CHF 194.7 million in 2015) and improved EBIT to CHF 35.1 million (CHF 33.7 million in 2015). Order intake of CHF 178.4 million was below the previous year's CHF 217.7 million due to the lower volume of major orders from China and India.

Improvement program STEP UP

Rieter made significant progress towards the implementation of the STEP UP program. Rieter had launched the program in 2014 to strengthen innovative power, expand the after-sales business and optimize the cost base.

Rieter presented an important innovation in 2016 with the new single-head draw frame generation RSB-D 50. This machine offers unprecedented productivity with the highest quality. Rieter's Uptime Maintenance Solution, an online expert training system for monitoring and optimizing maintenance in the spinning mill, represents a further step towards the digitalization of the spinning industry. Research and development expenditure increased to CHF 48.0 million (CHF 46.6 million in 2015).

In 2016, After Sales further advanced important innovations and thus established more foundations for future expansion.

The measures launched in 2015 to reorganize production and sustainably increase profitability are almost completed at the Winterthur location. As announced at the beginning of 2017, Rieter plans to relocate production from the Ingolstadt site in Germany to the Usti site in the Czech Republic.

Winterthur location

Rieter intends to create a modern location in Winterthur, concentrating the customer center, product and technology development, assembly and administration on an area of approximately 30,000 square meters. The necessary planning process is under way. In a later phase, work will begin on developing the remaining area of around 70,000 square meters.

Dividends and dividend policy

The Board of Directors will propose to the Annual General Meeting on April 5, 2017, that the dividend be increased from CHF 4.50 in the previous year to CHF 5.00 per share. Rieter seeks a distribution rate of at least 40% of earnings.

Changes in Group Executive Committee

As of April 1, 2016, Jan Siebert, as a member of the Group Executive Committee, took over the management of the Machines & Systems Business Group. This

business group had been managed by Norbert Klapper, Chief Executive Officer, on an interim basis since January 2014.

As announced in February 2017, Werner Strasser intends to retire at his own request. On April 6, Serge Entleitner, as a member of the Group Executive Committee, assumes responsibility for the Components Business Group. Werner Strasser began his career at Rieter in 1994 and was appointed a member of the Group Executive Committee in 2011. The Board of Directors would like to express its heartfelt gratitude to Werner Strasser for his extraordinary contribution to the development of the components business and the Rieter Group.

Board of Directors and Annual General Meeting

At the annual general meeting held on April 6, 2016, shareholders approved all motions proposed by the Board of Directors. They elected two new members to the Board of Directors, Roger Bailod and Bernhard Jucker. Erwin Stoller, Chairman of the Board of Directors, and Michael Pieper, This E. Schneider, Hans-Peter Schwald and Peter Spuhler, directors, were each confirmed for a further one-year term of office. This E. Schneider, Hans-Peter Schwald and Erwin Stoller, the members of the Remuneration Committee who were standing for election, were also each re-elected for a one-year term of office. Jakob Baer and Dieter Spälti were no longer available for re-election and were discharged by the Chairman of the Board of Directors with grateful thanks. In addition, the authorized capital was extended to a maximum of CHF 2.5 million or 500,000 shares for two years. The authorized capital gives Rieter greater flexibility to exploit strategic opportunities without delay.

Erwin Stoller has decided not to offer himself for re-election at the 2017 General Meeting. In the almost 40 years of his affiliation with the Rieter Group, he shaped and formed the company for many years and rendered great service to the Rieter Group. During this time, he held various executive positions, including as Executive Chairman from 2009 to 2013, and as Chairman of the Board since 2008. The Board of Directors would like to express its heartfelt thanks to Erwin Stoller for his outstanding achievements in the management and development of the company and for his exemplary commitment to the well-being of Rieter.

The Board of Directors of Rieter Holding Ltd. proposes to the Annual General Meeting on April 5, 2017, to elect Bernhard Jucker as Chairman of the Board of Directors. Bernhard Jucker has been a member of Rieter's Board since 2016 and has many years of experience in the management of global investment goods businesses.

Furthermore, the Board of Directors proposes to the General Meeting to elect Luc Tack and Carl Illi to the Board of Directors. Both gentlemen have extensive experience in the textile industry and the management of international companies.

Outlook

In the first two months, demand for components and spare parts was stable. The order intake for new machines remained at a low level. Rieter expects sales and earnings in the first half-year to be on a par with those of the previous year, and a stronger performance in the second half-year. Despite low visibility in the sales markets, Rieter expects sales and profitability for 2017 to be at the level of the previous year (before restructuring costs). At the appropriate time, Rieter will provide information on the restructuring costs associated with the reorganization concept for the Ingolstadt site in Germany, which was announced on February 1, 2017.

Thanks

The Board of Directors and the Group Executive Committee would like to thank the workforce for their tireless efforts in 2016. We thank customers, suppliers and other business partners for your loyalty to Rieter, and shareholders for your confidence.

Presentation material

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

<http://www.rieter.com/en/rieter/media/press-releases/>
<http://www.rieter.com/en/rieter/investor-relations/reports/annual-report/2016/>
<http://www.rieter.com/en/rieter/investor-relations/presentations/2017/>

Forthcoming dates

- Annual General Meeting 2017: April 5, 2017
- Semi-annual report for 2017: July 20, 2017

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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

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.

Financial highlights

CHF million	2016	2015	Change in %
Rieter			
Orders received	905.2	801.6	13%
Sales	945.0	1 036.8	-9%
Operating result before interest and taxes (EBIT)	56.5	73.1	-23%
- in % of sales	6.0	7.0	
Net profit	42.7	49.8	-14%
- in % of sales	4.5	4.8	
Purchase of tangible fixed and intangible assets	30.9	31.6	-2%
Total assets at December 31	998.1	1 001.4	0%
Shareholders' equity before appropriation of retained earnings at December 31	460.7	443.8	4%
Number of employees (excl. temporaries) at December 31	5 022	5 077	-1%
Business Group Machines & Systems			
Orders received	591.6	457.6	29%
Sales	603.4	702.3	-14%
Operating result before interest and taxes (EBIT)	3.6	14.8	-76%
- in % of sales	0.6	2.1	
Business Group After Sales			
Orders received	135.2	126.3	7%
Sales	141.6	139.8	1%
Operating result before interest and taxes (EBIT)	25.5	26.5	-4%
- in % of sales	18.0	19.0	
Business Group Components			
Orders received	178.4	217.7	-18%
Sales	200.0	194.7	3%
Total segment sales	271.3	258.6	5%
Operating result before interest and taxes (EBIT)	35.1	33.7	4%
- in % of segment sales	12.9	13.0	
Rieter Holding Ltd.			
Share capital at December 31	23.4	23.4	
Net profit	27.0	25.0	8%
Dividend	23.4 ¹	20.4	15%
Number of shares, paid-in at December 31	4 672 363	4 672 363	
Average number of shares outstanding (undiluted)	4 515 861	4 550 650	
Share price (high/low) in CHF	218/168	190/117	
Market capitalization at December 31	799.6	848.1	-6%
Data per share			
Basic earnings per share in CHF	9.39	10.92	-14%
Equity (group) in CHF ²	101.79	98.18	4%
Dividend (Rieter Holding Ltd.) per share in CHF	5.00 ¹	4.50	11%

1. According to proposal of the Board of Directors.

2. Shareholders' equity (group) attributable to shareholders of Rieter Holding Ltd. per share outstanding at December 31.