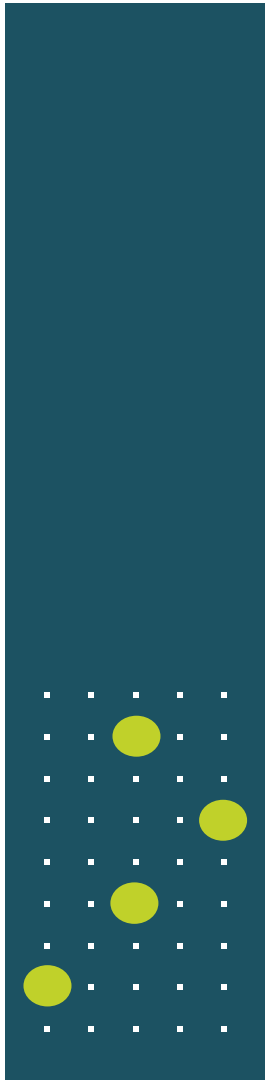




# 2011 Half Year Results

Erwin Stoller, Executive Chairman  
Joris Gröflin, Chief Financial Officer

1. Introduction and summary of HY1 2011 Erwin Stoller
2. Financial Results HY1 2011 Joris Gröflin
3. Outlook Erwin Stoller



“Rieter achieved a very good result in the first half of 2011.

New products for the high and mid segments were well received and have strengthened our position in the growth markets.”

Erwin Stoller

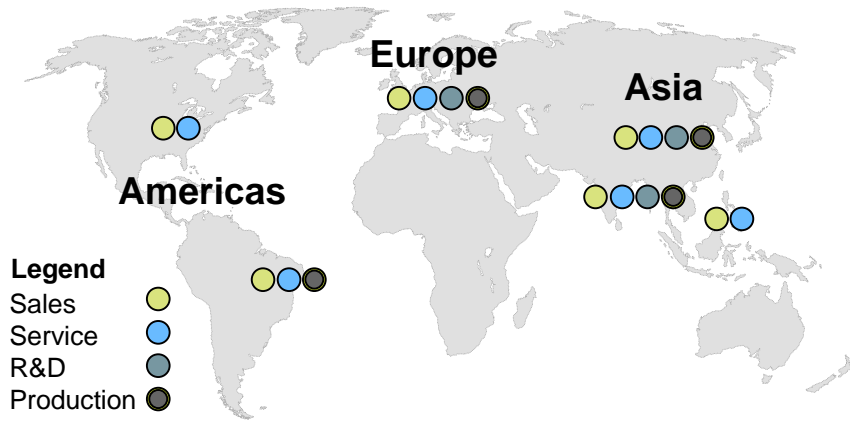
Executive Chairman

## Highlights

### **Separation Rieter Group completed**

- Focus on Spun Yarn Systems and Premium Textile Components
- Enhanced strategic flexibility
- Improved visibility for shareholders

## Global supplier...



## ...of spinning machinery and components



## Full-liner...

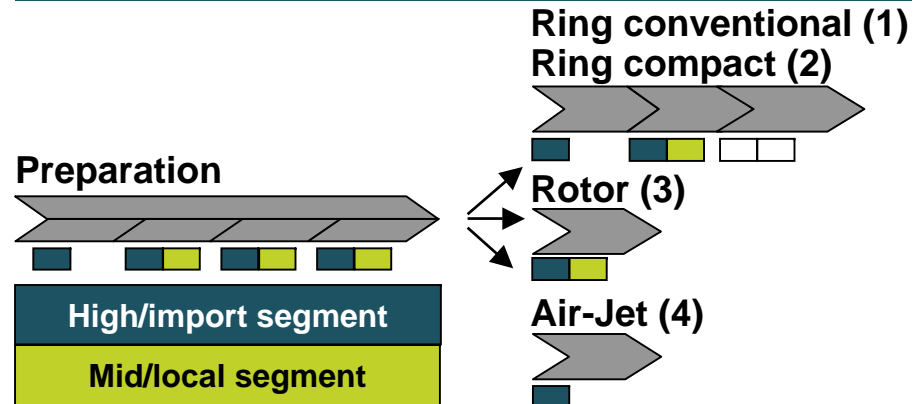
From bale...



...to yarn



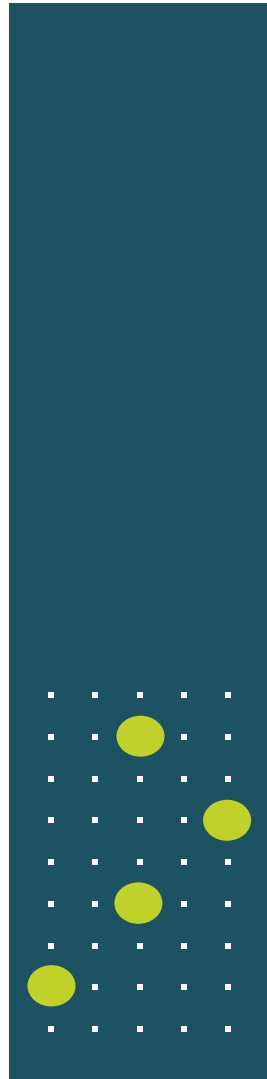
## ...covering preparation and all four spinning technologies



## Pleasant trend of business at Rieter

- **Market exploit: Gratifying order intake and sales growth**
  - Order intake at high level and above long term average
  - Striking increase of sales
  - Both business groups strengthened their market position in the growth markets
- **Strong increase of EBIT margin to 12.8% of corporate output**
  - Both business groups contributed to this very good result
- **Solid balance sheet further strengthened after spin-off of Autoneum**
  - Enables future profitable growth

1. Introduction and summary of HY1 2011 Erwin Stoller
2. Financial Results HY1 2011 Joris Gröflin
3. Outlook Erwin Stoller





# 2011 Half Year Financial Results

Joris Gröflin, Chief Financial Officer

- **New reporting structure:** First-time presentation of figures after spin-off of automotive business
- **Market exploit: Gratifying order intake and sales growth**
  - Order intake remained at high level in both business groups and above long-term average
  - Striking increase of sales by 66% to 537.8 million CHF – corporate output increased to 551.9 million CHF
  - Increase in both business groups driven by sales to Asia
- **Strong increase of EBIT and net profit**
  - Strong EBIT margin of 12.8% of corporate output achieved
  - Net profit margin before exceptional items at 8.8% of corporate output
  - Sale of LMW shares increased net profit by 42.3 million CHF

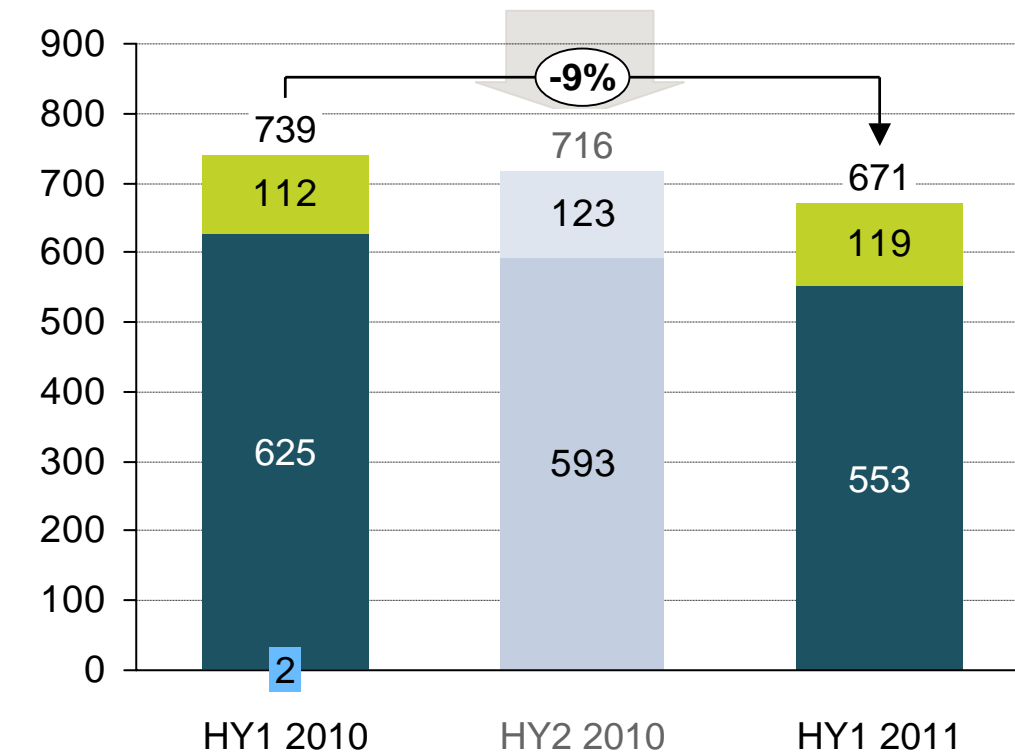
- **Solid balance sheet**

- Thanks to strong net profit, balance sheet gained solidity after spin-off of Autoneum on May 13 – equity ratio remains at 32%
- Strong free cash flow of 63.3 million CHF further strengthened net liquidity to 149.8 million CHF
- Long-term financing was secured by confirmation of the 250 million CHF bond (2015) at the bondholders' meeting on May 10

# Orders by business group

## Order intake remained at high level in both business groups

CHF million



■ Premium Textile Components ■ Other  
■ Spun Yarn Systems

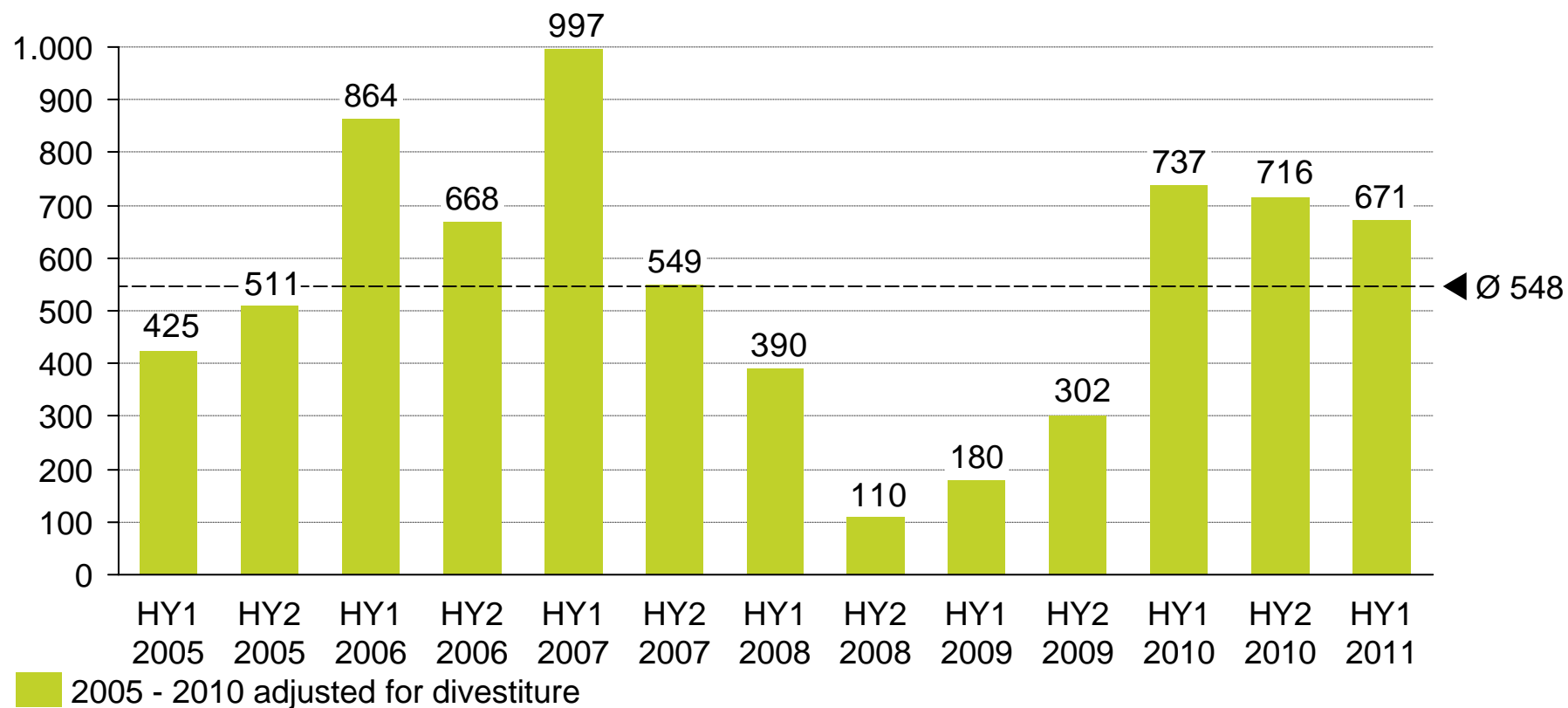
- Order intake dropped 9% compared to HY1 2010 (in local currency -5%)
- Demand for textile machinery and components remained especially strong in Q1 and leveled off in Q2
- Orders were widely spread, led by dominating countries India, Turkey and China followed by South Korea, US, Egypt, Indonesia, Brazil and Pakistan
- HY1 2011 orders remained over long term average of 548 Mio CHF

# Orders received HY1 2005 – HY1 2011



Order intake exceeded long term average

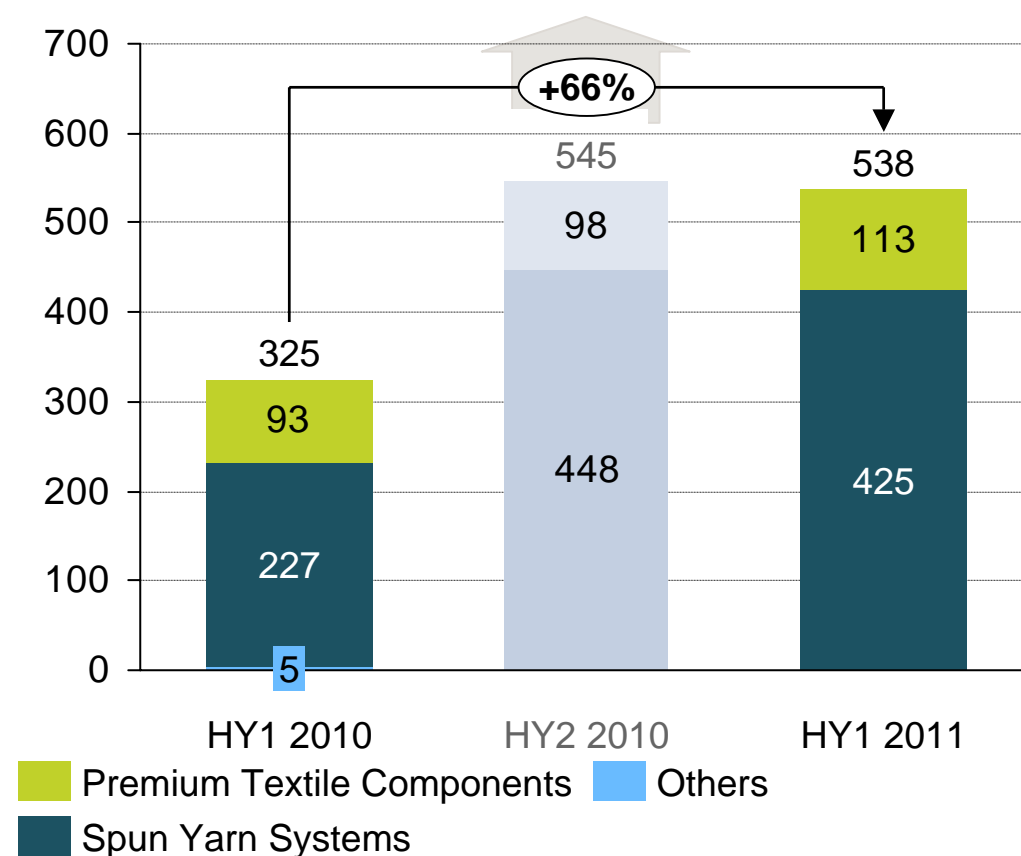
CHF million



# Sales by business group

## Striking increase of sales by 66%

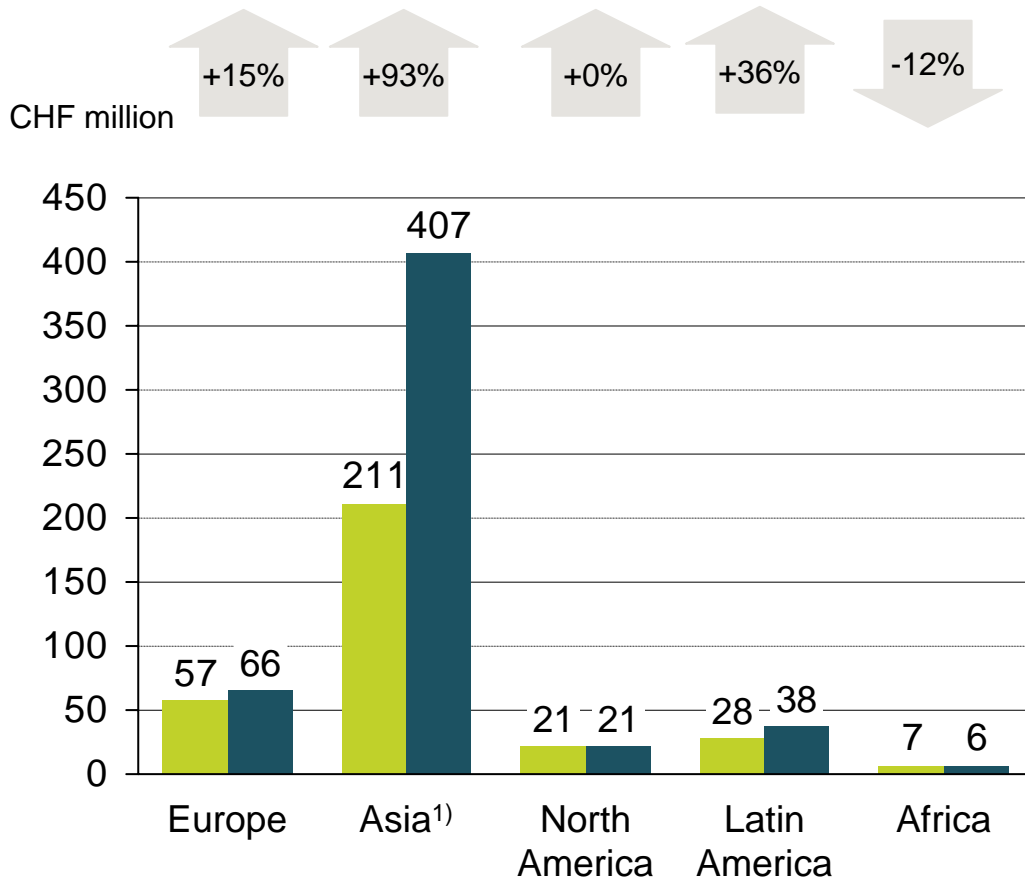
CHF million



- Sales increase 66% compared to HY1 2010 (in local currency 73%)
- Spun Yarn Systems grew by 88% compared to HY1 driven by high order backlog and intake (in local currency 95%)
- Premium Textile Components increased 21% (in local currency 29%)
- Continued ramp-up led to corporate output increase to 551.9 million CHF (HY1 2010: 332.6 million CHF, HY2 2010: 508.8 million CHF) resulting in seasonally higher inventories

# Sales development by region

## Increase driven by sales to Asia



- Market exploit mainly driven by Asia with absolute growth of 196 million CHF (+93%)
- Share of sales to Asia increased to 76% (HY1 2010: 65%)
- Both Spun Yarn Systems and Premium Textile Components profited from upswing in Asia followed by South America (+36%) and Europe (+15%)

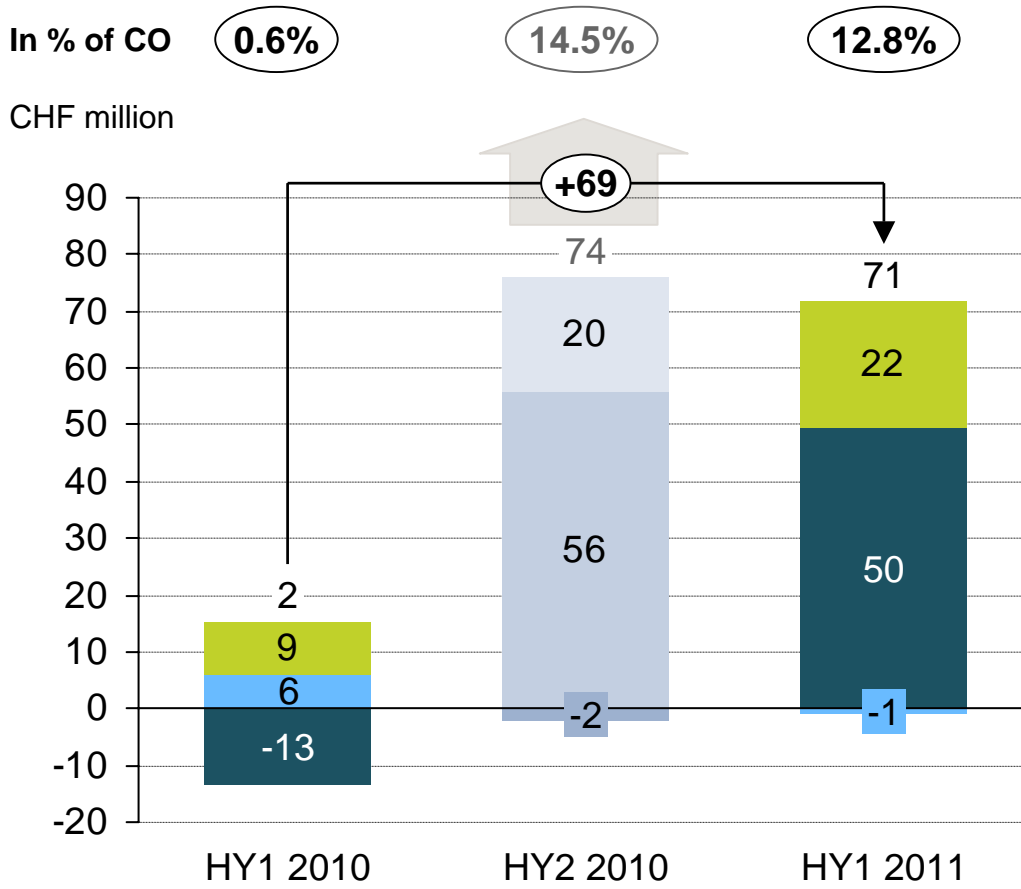
■ HY1 2010

■ HY1 2011

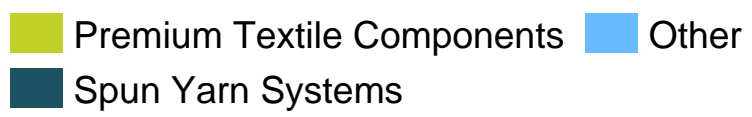
1) Including Turkey

# Operating result (EBIT)

**Strong EBIT margin of 12.8% of corporate output achieved**

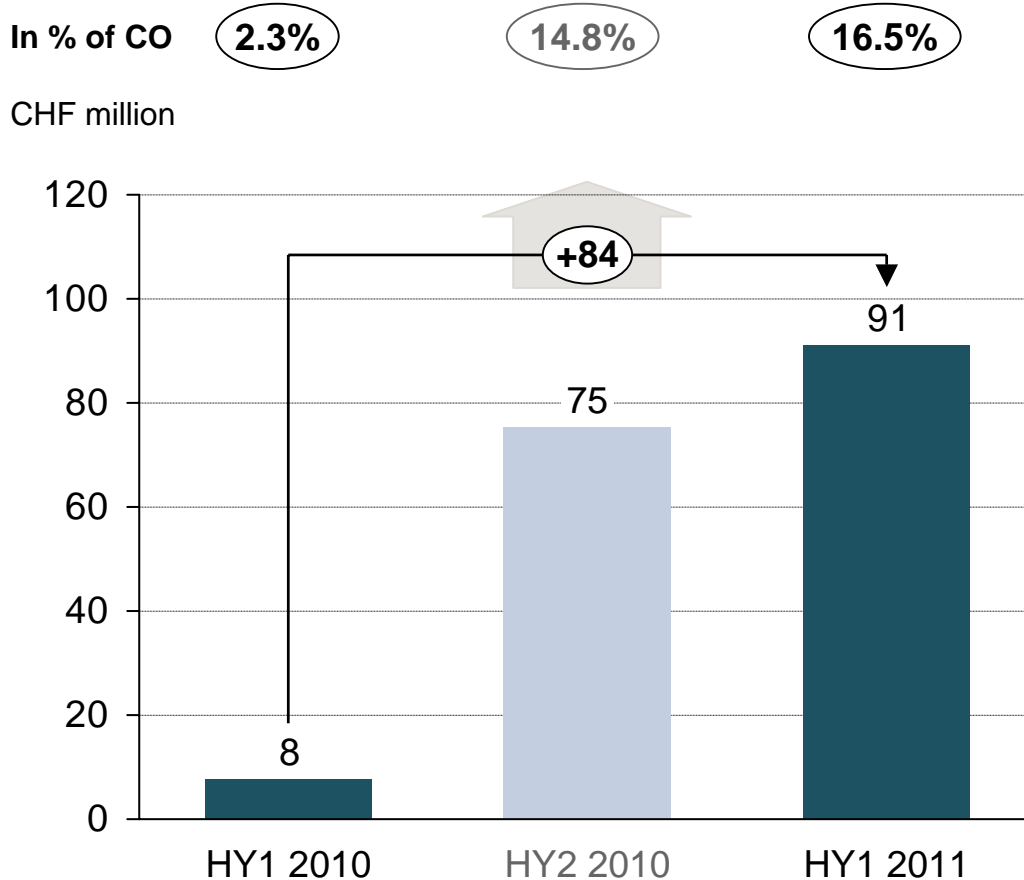


- Strong absolute EBIT growth by 68.6 million CHF versus HY1 2010 due to high capacity utilization and continued cost discipline
- EBIT margin at strong 12.8% of corporate output
- EBITDA increased from HY1 2010 of 22.2 million CHF (6.7% of corporate output) to 87.8 million CHF (15.9% of corporate output)



# Net Profit

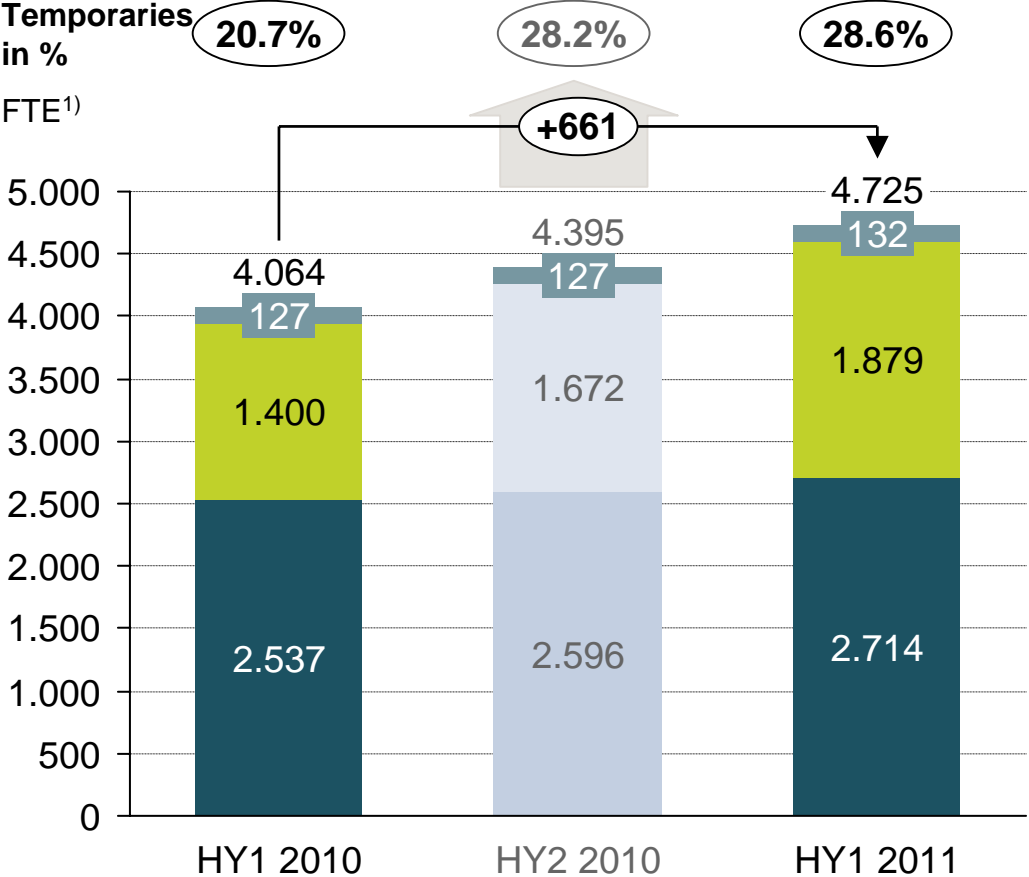
## Net profit margin before exceptional items at 8.8% of corporate output



- Net profit from continued operations before sale of LMW share equals 48.7 million CHF (8.8% of corporate output)
- Sale of LMW shares contributed 42.3 million CHF to net profit
- Earnings per share increased to 19.64 CHF
- Net profit including discontinued operations (Automotive) of 242.0 million CHF distorted by mandatory fair value adjustments

# Changes in workforce

## Significant increase of temporary personnel and employees in Asia



■ North / Latin America 
 ■ Asia 
 ■ Europe

1) Excluding apprentices and temporary employees

- Temporary employees increased to 1'893 (HY1 2010: 1'061) or 28.6% of total workforce
- 70% of fix employee increase of 661 were related to volume increase and expansion projects at locations in India and China
- Increase in Europe (+7%) is volume driven and predominantly in Eastern Europe

# Balance sheet



## Solid balance sheet further strengthened after spin-off

CHF million	<b>30.06. 2011</b>	31.12. 2010	30.06. 2010
Total assets	<b>1'135.5</b>	1'969.1	1'938.6
Non-current assets	<b>301.2</b>	802.2	833.3
Net working capital	<b>65.6</b>	89.7	69.3
Liquid funds	<b>428.5</b>	359.0	343.4
Net liquidity	<b>149.8</b>	-3.5	-18.0
Short-term financial debt	<b>6.0</b>	66.2	71.7
Long-term financial debt	<b>272.7</b>	296.3	289.7
Shareholders' equity	<b>360.4</b>	627.6	632.6
in % of total assets	<b>32%</b>	32%	33%

- HY1 2011 balance sheet after spin-off of automotive business (Autoneum), 2010 figures are prior to spin-off
- Net liquidity of 149.8 million CHF positively impacted by strong free cash flow of 63.3 million CHF
- Shareholders' equity ratio at 32%
- Bond of 250 million CHF (2015, 4.5%) secures financing of business development

# Net working capital



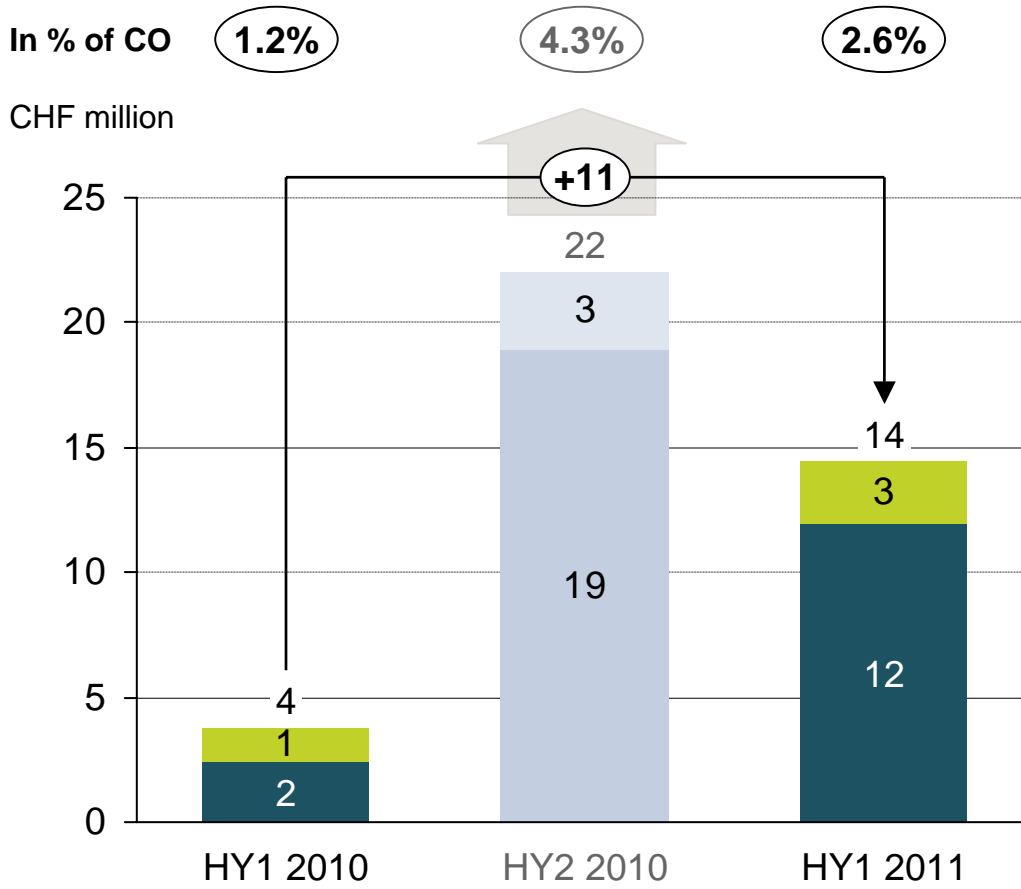
## Net working capital increase due to higher inventories

CHF million	<b>30.06. 2011</b>	31.12. 2010	30.06. 2010
Inventories	<b>251.0</b>	328.4	308.8
Trade receivables	<b>90.4</b>	381.5	360.7
Other receivables	<b>64.4</b>	98.0	92.4
Trade payables	<b>-74.2</b>	-315.8	-241.0
Advance payments	<b>-83.7</b>	-110.9	-101.9
Other current liabilities	<b>-182.3</b>	-291.5	-349.7
<b>Net working capital</b>	<b>65.6</b>	89.7	69.3

- HY1 2011 net working capital after spin-off of automotive business (Autoneum), 2010 figures are prior to spin-off
- Corporate output ramp-up led to seasonally high inventories
- Advance payments from customers partially financed the inventory build-up

# Capital expenditures

## Continuation of expansion in India and China drove capital expenditures



- Premium Textile Components
- Spun Yarn Systems

- Capital expenditures increased by 10.5 million CHF and reached 2.6% of Corporate Output
- Expansion projects in India and China accounted for 73% of capital expenditures in HY1 2011

# Free cash flow (continuing operations)



## Strong free cash flow of 63.3 million CHF generated

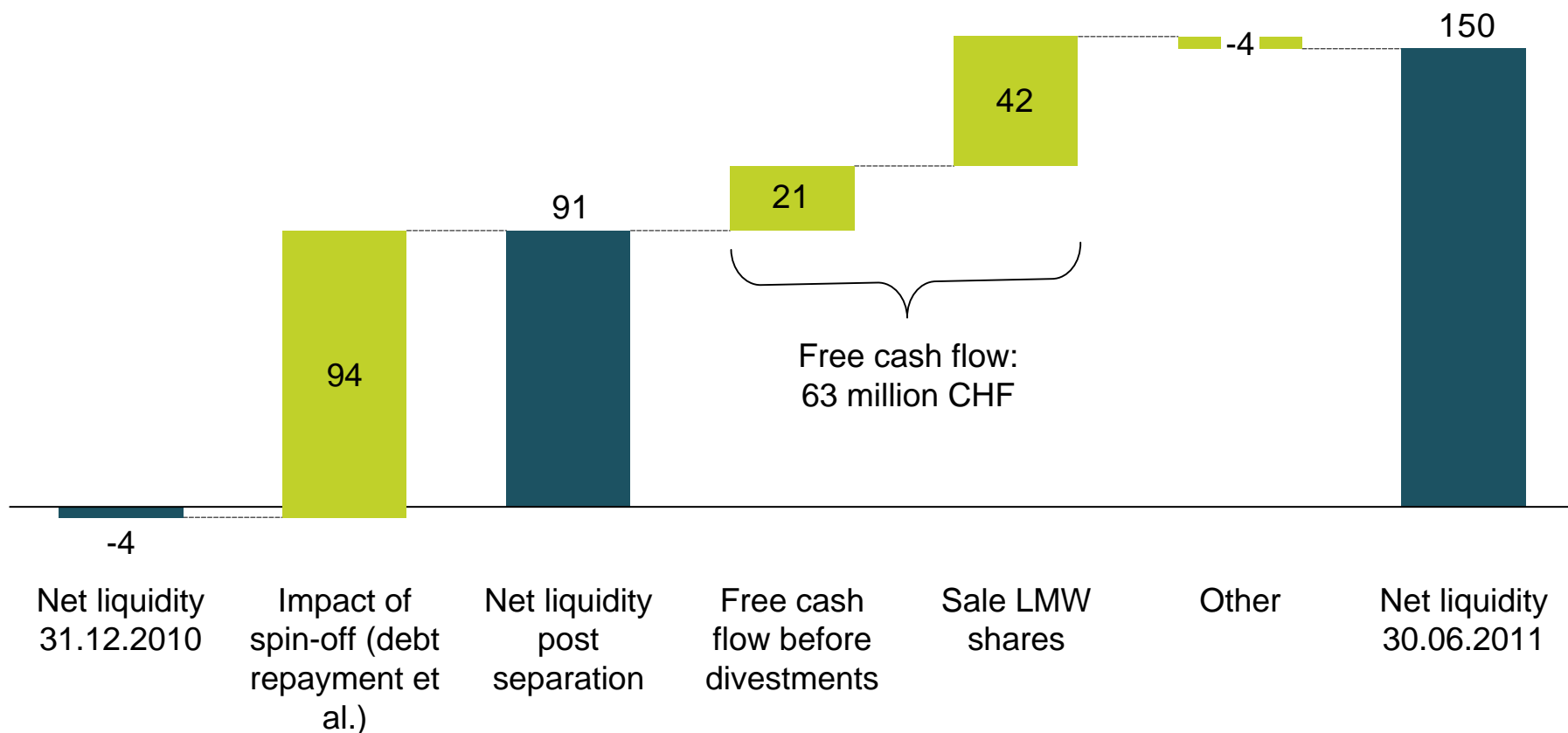
CHF million	<b>HY1 2011</b>	HY1 2010
Net profit	<b>91.0</b>	7.5
Depreciation and amortization	<b>17.2</b>	20.2
+/- Reversal of disposal gains	<b>-44.1</b>	-3.2
+/- Change in net working capital	<b>-30.7</b>	-11.9
+/- Capital expenditure, net	<b>-12.2</b>	-2.5
+/- Change in other financial assets	<b>-0.2</b>	+5.5
<b>Free cash flow before divestments</b>	<b>21.0</b>	15.6
+/- Sale LMW shares / divestments	<b>42.3</b>	-0.8
<b>Free cash flow</b>	<b>63.3</b>	14.8

- Strong free cash flow of 63.3 million CHF (14.8 million CHF)
- Free cash flow before divestments increased to 21.0 million CHF (HY1 2010: 15.6 million CHF) despite higher net working capital and capital expenditures
- Sale of LMW shares contributed further 42.3 million CHF to free cash flow

# Net liquidity

## Net liquidity positively impacted by strong free cash flow

CHF million



# Spun Yarn Systems HY1 2011

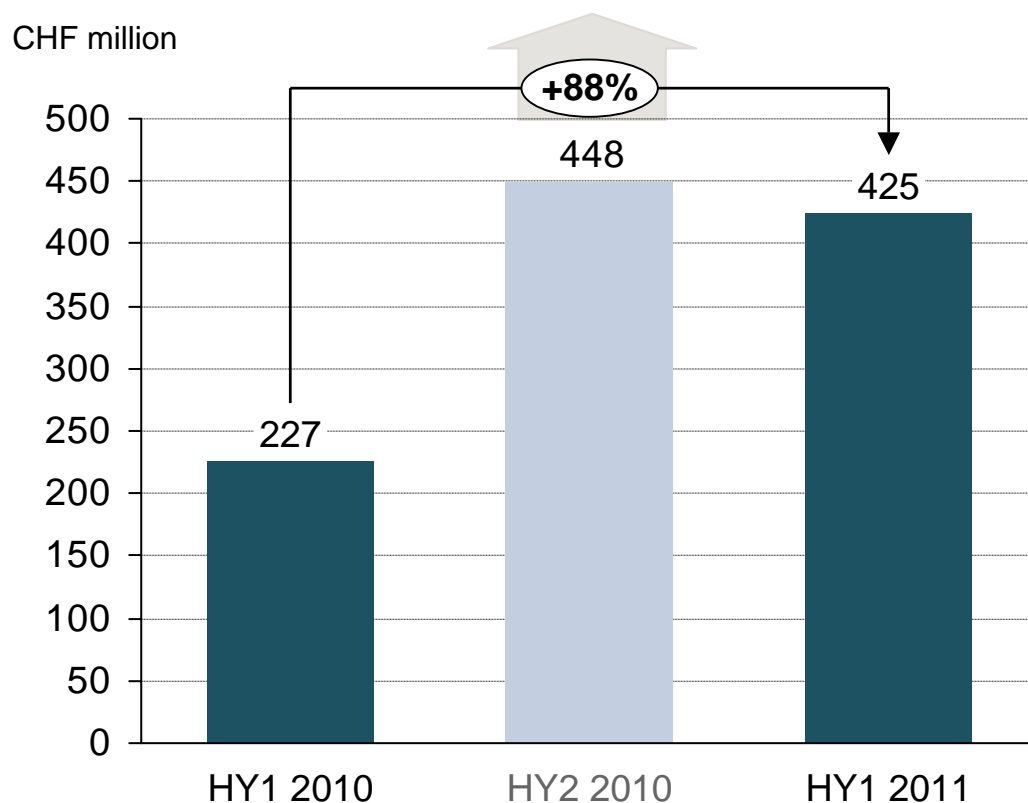


Leading systems supplier in the spinning process



# Spun Yarn Systems: Sales

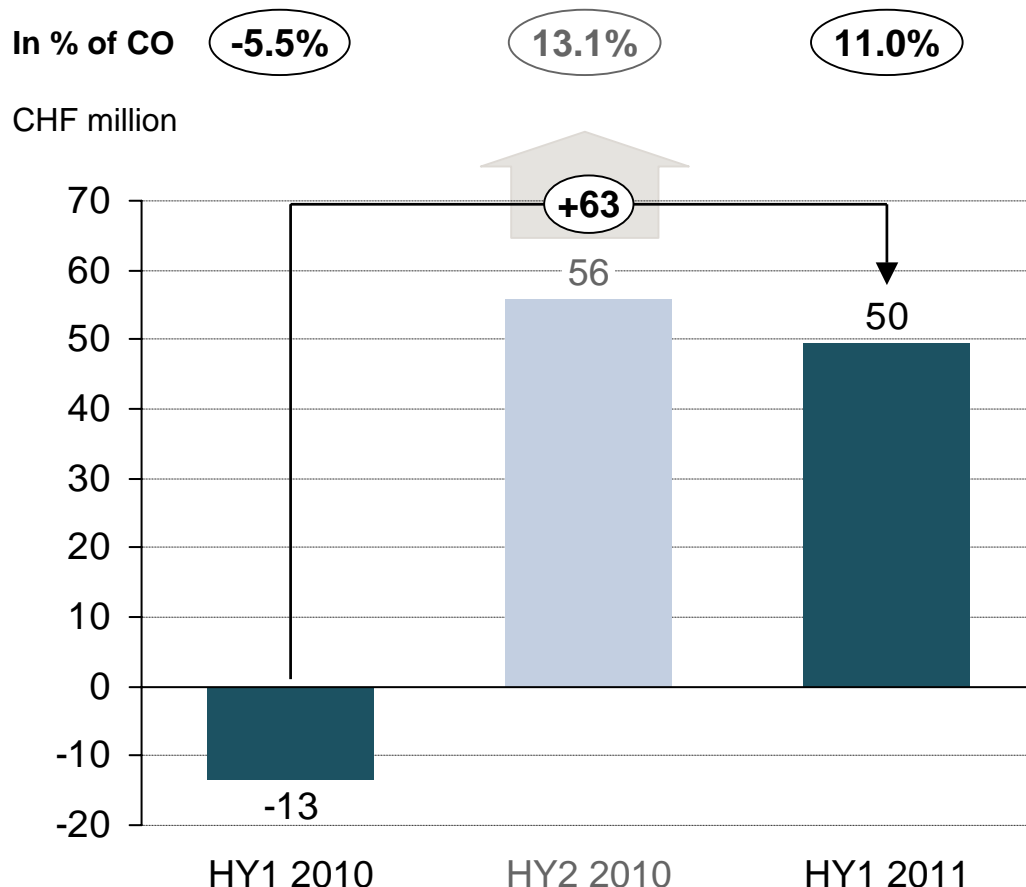
Striking increase of sales by 88%



- HY1 2011 sales increased by 88% driven by high order backlog and intake (in local currency 95%)
- Continued ramp-up led to corporate output increase to 449.4 million CHF (HY1 2010: 242.0 million CHF, HY2 2010: 427.4 million CHF) resulting in seasonally higher inventories
- Market exploit succeeded in all regions with Turkey, India and China as dominating countries
- Market position strengthened in the local segments in China and India with ring and rotor spinning machines and draw frames

# Spun Yarn Systems: Operating result (EBIT)

**EBIT increased by 63 million CHF to strong 11.0% of corporate output**



- EBIT improved to 49.6 million CHF thanks to increased sales, attractive products and high capacity utilization
- EBIT increased to 11.0% of corporate output
- EBITDA improved to 58.6 million CHF (-3.0 million CHF in HY1 2010), which corresponds to 13.0% of corporate output

# Premium Textile Components HY1 2011

---



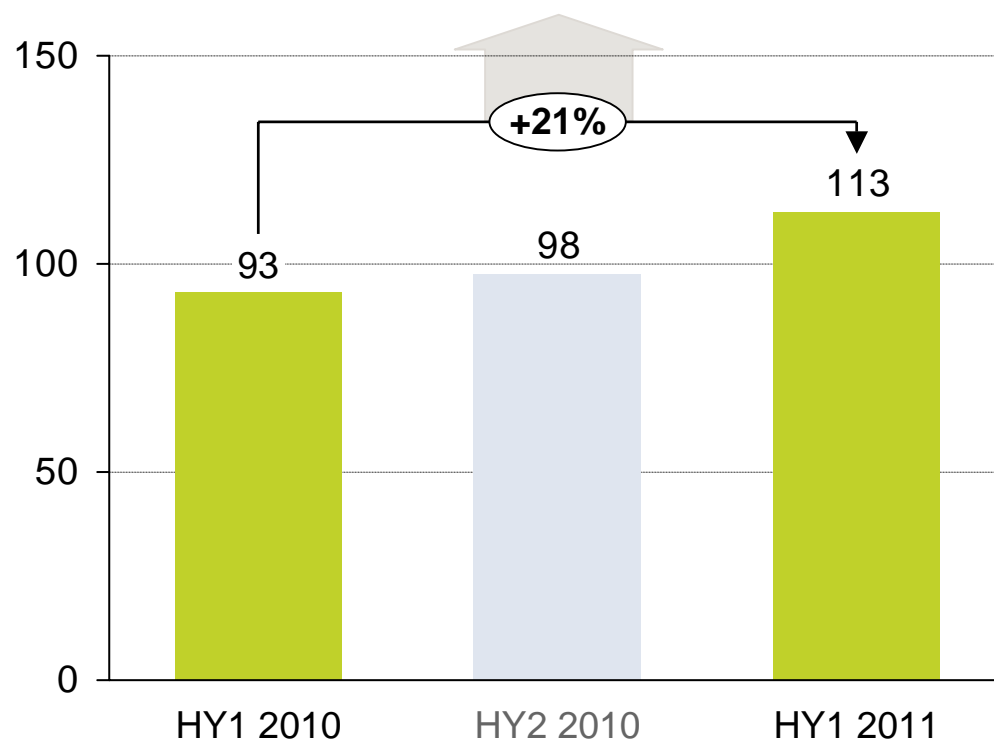
Leading supplier of premium textile components



# Premium Textile Components: Sales

Strong increase of sales by 21% and of corporate output by 40%

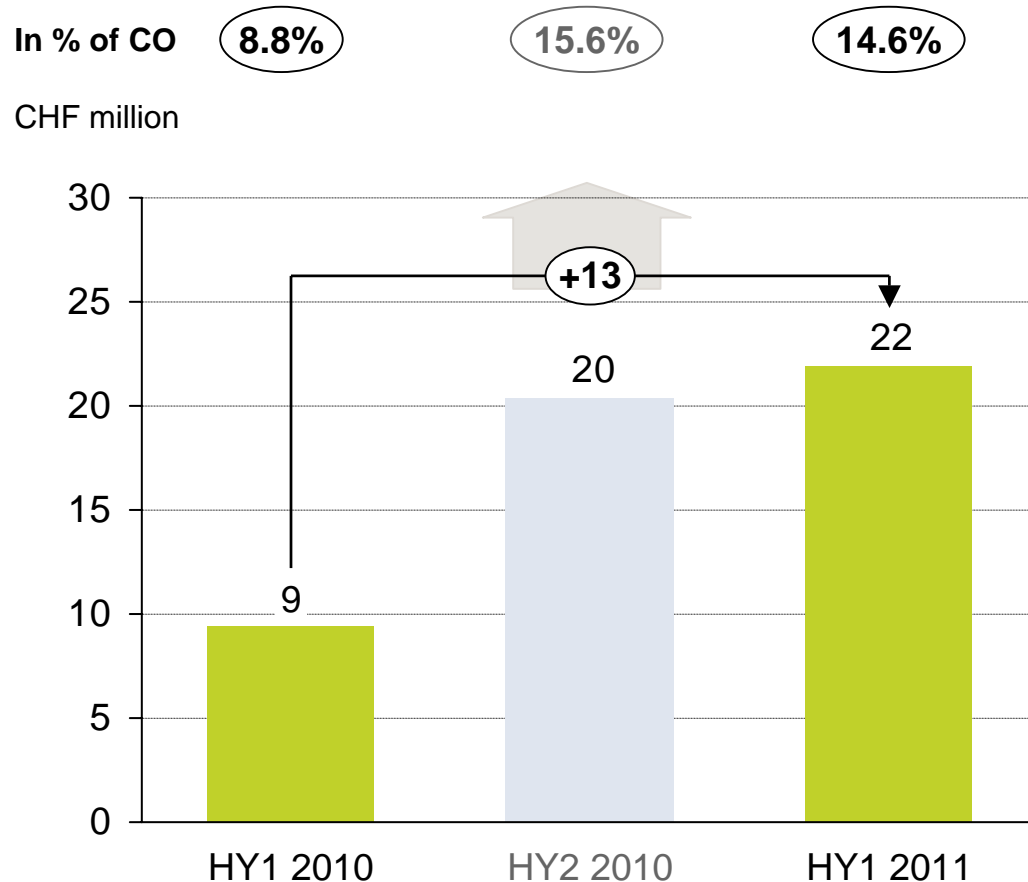
CHF million



- Sales increased by 21% to 112.7 million CHF
- Continued high ramp-up in seasonally strong HY1 2011 led to corporate output increase to 150.2 million CHF (HY1 2010: 107.4 million CHF, HY2 2010: 129.8 million CHF)
- Main regions were India, China and Turkey followed by Europe and USA
- Market position strengthened in India through Suessen and Bräcker components for ringspinning and in China with Graf components for spinning preparation machinery

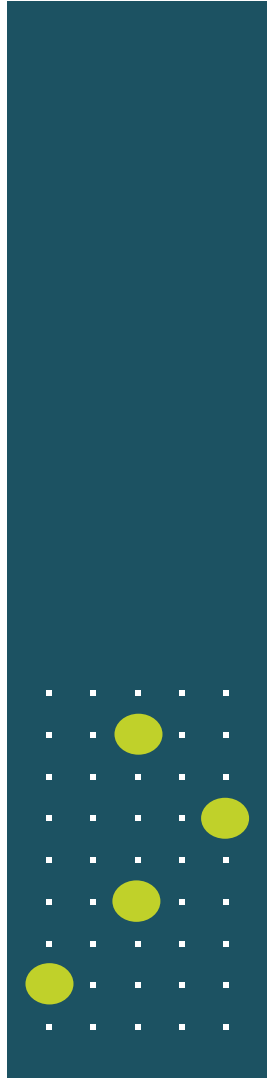
# Premium Textile Components: Operating result (EBIT)

**EBIT increased further to 21.9 million CHF (14.6% of corporate output)**



- EBIT improved to 21.9 million CHF thanks to increased sales, competitive products and high capacity utilization
- EBIT in % corporate output increased to 14.6%
- EBITDA improved to 30.0 million CHF (19.1 million CHF in HY1 2010) equalling to 20.0% of corporate output

1. Introduction and summary of HY1 2011 Erwin Stoller
2. Financial Results HY1 2011 Joris Gröflin
3. Outlook Erwin Stoller





# 2011 Outlook

.....

Erwin Stoller, Executive Chairman .....

## Spun Yarn Systems – progress made in all four spinning technologies



Ring conventional



Ring compact



Rotor R60



Airjet J20

“The only global system supplier with all four spinning technologies”

## Premium Textile Components – market leader for compact spinning sets



### TITAN Rings

- More than 30 million sold
- Superior price performance ratio
- Standard for compact spinning



### EliTe<sup>®</sup> Compact Set

- Easy installation
- Less maintenance
- Less energy consumption

# Technology and Innovation Leadership

## Competence in advanced sensor technology extended



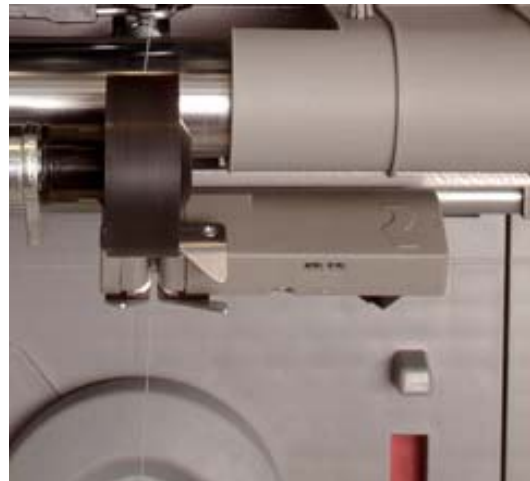
Drawframe RSB-D 45



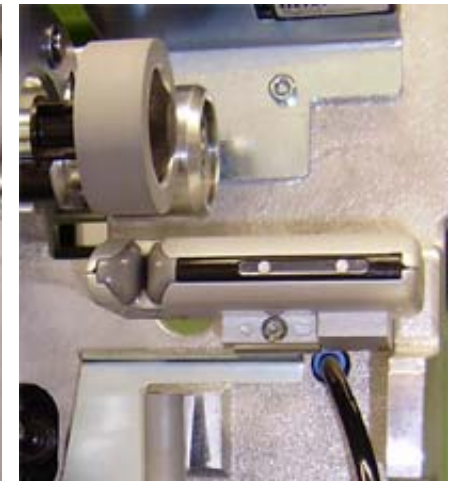
Ringspin



Rotor R 923



Rotor R 60



Airjet J 20

# Strengthen market position in growth markets

## Capacity extension for local products



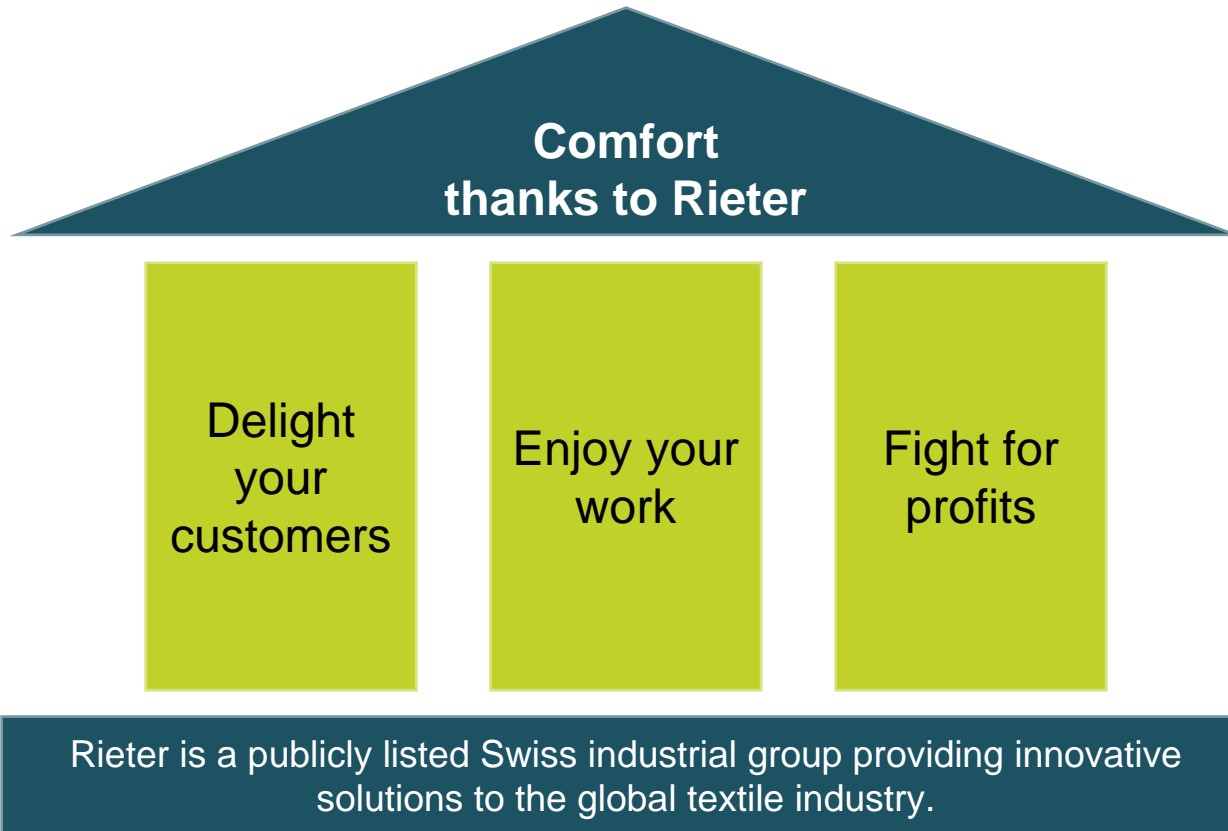
**China:**  
Changzhou Plant 1, Plant 2



**India:**  
Koregaon Bhima, Wing

- Rieter expects the decrease in order intake to continue in the second half of the year compared to the first six months. Order intake for 2011 as a whole is unlikely to equal the previous year's extraordinarily high total. Rieter foresees pressure on customers' margins and liquidity persisting in the second half of 2011.
- It is currently difficult to forecast whether the factors that are impacting the markets are short-lived or will continue for a prolonged period. Further developments depend on various factors. These include exchange rate developments, consumer sentiment in Europe and North America, growth in fiber consumption in Asia and raw material prices.
- The high level of orders in hand secures capacity utilization and sales revenues in the current financial year and well into the coming year. Rieter will continue to pursue the expansion of facilities in Asia, product developments and process improvements in the second half of 2011.

**Rieter expects a substantial increase in sales compared with the previous year and double-digit operating margins for the year as a whole.**



# Disclaimer

---

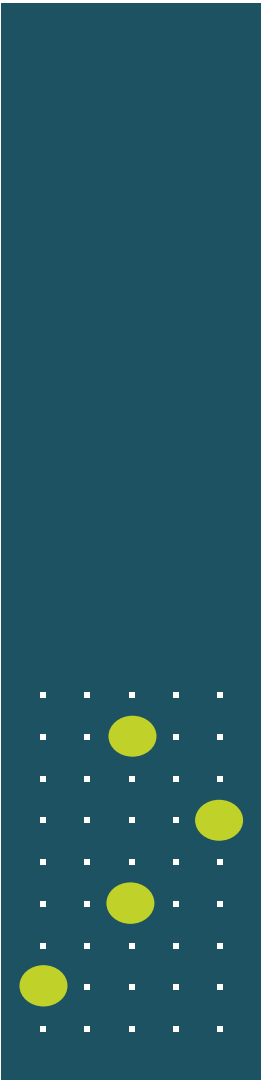


**Rieter is making great efforts to include accurate and up-to-date information in this document, however we make no representations or warranties, expressed or implied, as to the accuracy or completeness of the information provided in this document and we disclaim any liability whatsoever for the use of it.**

**The information provided in this document is not intended nor may be construed as an offer or solicitation for the purchase or disposal, trading or any transaction in any Rieter securities. Investors must not rely on this information for investment decisions.**

**All statements in this report which do not reflect 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.**

# Appendix



# Key Data per Share



Rieter registered shares of 5 CHF nominal value Bloomberg: RIEN; Reuters: RITZn	<b>30.06.2011</b>	30.06.2010*	31.12.2010*
Shares outstanding excl. own shares (end of period)	<b>4'629'445</b>	4'643'649	4'618'869
Average shares (of period)	<b>4'621'782</b>	4'641'116	4'640'220
Share price (end of period) CHF	<b>219.50</b>	275.00	339.00
Market capitalization (end of period) million CHF	<b>1'016</b>	1'277	1'566

\* prior to separation