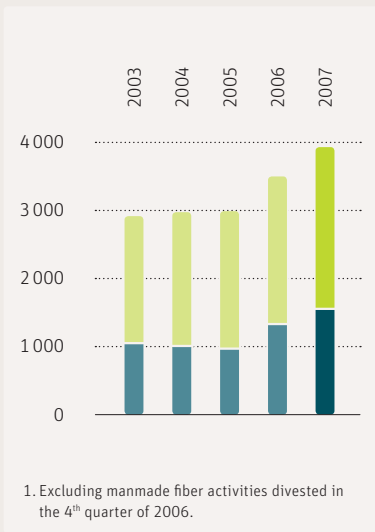


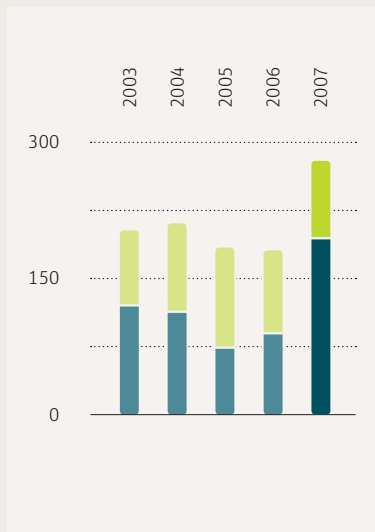


Rieter at a glance

Sales¹ in CHF million



EBIT in CHF million



Net profit in CHF million

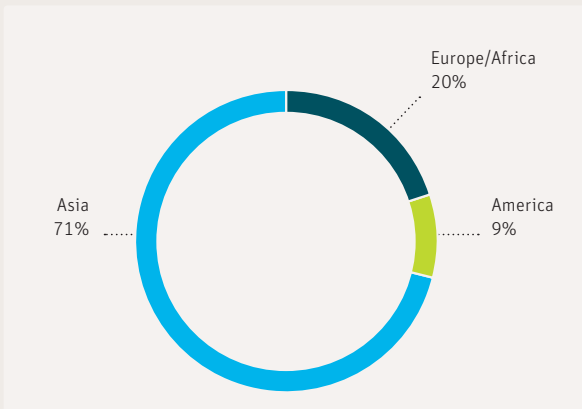


■ Textile Systems
■ Automotive Systems

■ Textile Systems
■ Automotive Systems

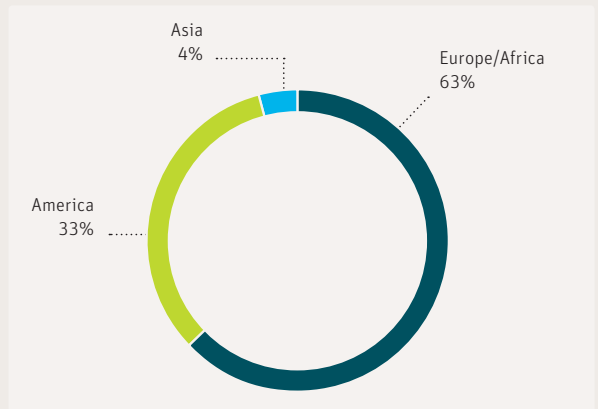
Textile Systems

Sales by geographical region (1 566.8 CHF million = 100%)



Automotive Systems

Sales by geographical region (2 363.3 CHF million = 100%)



Rieter reports record sales, operating result and net profit



Kurt Feller
Chairman of the Board of Directors

Dear shareholder

The Rieter Group set new records for sales, operating result and net profit in the 2007 financial year, thus maintaining the positive trend of recent years. The efforts of Rieter's 15 500 employees in conjunction with innovative products and services made this performance possible.

Favorable market environment

The global economy as a whole developed positively in 2007. Growth momentum was a characteristic feature in all major industrialized countries as well as the emerging economies in Asia and Latin America. Both divisions of Rieter successfully exploited this trend. The markets served by the group's two divisions, 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.

Substantial organic growth at both divisions

Rieter's sales adjusted for divestiture 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 overall group sales.

At the end of 2007 the Rieter Group employed a workforce of some 15 500 worldwide, an increase of 5% compared with the end of the previous year. This increase was due mainly to the expansion of capacity in emerging economies, where both

divisions of Rieter are exploiting the potential of new markets and taking advantage of lower-cost manufacturing locations.

Further increase in profitability

The operating result before interest and taxes rose by 54% in the year under review to 278.7 million CHF, equivalent to 7.3% of corporate output (5.2% in 2006). The two divisions contributed to this outcome in differing degrees. Textile Systems set a record, while margins at Automotive Systems were adversely affected by a challenging industry environment.

Higher net profit and earnings per share

Profits surged at the Rieter Group in 2007 due to a good operating performance, the absence of losses on disposals and a good net financial result. Net profit increased by 34% to 211.5 million CHF, equivalent to 5.5% of corporate output (4.6% in 2006). Cash flow rose by 9% to 360.2 million CHF (329.6 million CHF in 2006). Earnings per share improved sharply to 48.19 CHF (35.53 CHF in 2006).

Dividend

Rieter Holding Ltd. reported a net profit of 67.4 million CHF for the 2007 financial year (63.4 million CHF in 2006). Together with the retained earnings brought forward from the previous year, a total of 97.9 million CHF is at the disposal of the Annual General Meeting. The Board of Directors will propose to the Annual General Meeting of Rieter Holding Ltd. on May 8, 2008, that a dividend of 15.00 CHF per share be paid for the 2007 financial year (15.00 CHF in 2006).



Hartmut Reuter
Chief Executive Officer

Textile Systems: record orders received, sales and operating result

The trend of business at Rieter Textile Systems was very good. Compared with the previous year, orders received 2007 adjusted for divestiture was 6% higher, reaching the record level of 1 703.1 million CHF (1 614.3 million CHF in 2006). As expected, demand eased in the second half of the year. Sales increased by 18% compared with the previous year, reaching the historical record level of 1 566.8 million CHF (1 322.2 million CHF in 2006).

Rieter Textile Systems reported a record operating result before interest and taxes of 200.7 million CHF in 2007. The high operating margin achieved in the first six months was even slightly exceeded in the year as a whole, rising to 13.1% of corporate output (7.0% or 11.1% before special charges in 2006). An attractive offering, a favorable product mix, good capacity utilization and cost discipline all contributed to this achievement. Profitability was also improved by the disposal of the loss-making manmade fiber machinery business at the end of 2006, i.e. as a result of the absence of the special charges associated with this business.

Automotive Systems: continued sales growth

The growth trend of the past five years continued at Rieter Automotive Systems in the year under review. Sales increased by 8% to 2 363.3 million CHF. This growth was broad-based in terms of both geographical spread and models equipped. Rieter Automotive Systems grew significantly faster than vehicle output in both its main markets, Western Europe and North America. Rieter also achieved substantial growth in South America and Asia.

The positive sales trend was not translated into a corresponding increase in earnings: the operating result before interest and taxes (EBIT) at Automot-

ive Systems in the 2007 financial year amounted to 91.6 million CHF (94.7 million CHF in 2006). At 4.0% of corporate output (4.4% in 2006), Automotive Systems maintained the operating margin achieved in the first half of 2007. The subdued outcome was attributable to increasingly severe pressure exerted by customers on suppliers' prices as well as the rising cost of materials and energy, only a small part of which could be passed on to customers. Rieter Automotive was unable to compensate fully for these developments through cost-cutting programs in 2007. Additional costs arose in connection with production relocations in England.

Investments to implement strategy

The growth markets in Asia are a focal point of investment for Rieter in the years to come. Especially in India, where Rieter traditionally has a strong presence, the group intends to expand the activities of both divisions substantially in the coming years. Rieter has already started to expand capacity at its existing manufacturing site near Pune in the year under review.

With the acquisition of component manufacturer Berkol, Rieter Textile Systems expanded its offering in the field of technology components for staple fiber machinery. This Swiss-based company will be consolidated as of January 1, 2008. Rieter is continuously analyzing further opportunities for acquisitions that strategically complement existing activities and contribute to good profitability.

Sound financial condition and a healthy balance sheet

Rieter remained on a sound financial foundation at the end of the year under review with net liquidity of 144.5 million CHF (147.3 million CHF in 2006) and an equity ratio of 48.3% (47.7% in 2006). The good level of liquidity was maintained despite

higher capital expenditure and the repayment of 200 million CHF of 4% bonds on June 21, 2007. The equity ratio of the Rieter Group has risen steadily in recent years due to the positive result of the business. This enabled Rieter to launch a share buyback program of up to 150 million CHF on September 7, 2007 without limiting its scope for industrial expansion as a result. A motion proposing a first reduction in share capital will be submitted to the shareholders at the 2008 Annual General Meeting. The share buyback program will be continued as planned until the 2009 Annual General Meeting.

Changes in the Group Executive Committee

Erwin Stoller, who has been a member of Rieter's Group Executive Committee since 1992 and CEO of the Automotive Systems Division since 2002, withdrew from operating management at the end of 2007. The Board of Directors appointed Wolfgang Drees to succeed Erwin Stoller as of January 1, 2008. Wolfgang Drees is a German national and previously headed Business Group Europe, the largest unit in the Automotive Systems Division. He was at the same time deputy to Erwin Stoller. Rieter has ensured management continuity with this appointment. The Board of Directors and the Group Executive Committee wish to thank Erwin Stoller for his many years of successful work on behalf of the company. Erwin Stoller has rendered valuable service to the group since joining Rieter in 1978. Both at Textile Systems and at Automotive Systems he has initiated and implemented decisive changes that have contributed to Rieter's long-term success.

Changes in the Board of Directors

At the Annual General Meeting held on May 10, 2007, Rudolf Hauser retired from the board upon reaching retirement age. At the same time shareholders re-elected Dr. Dieter Spälti for a further three-year term of office.

Kurt Feller will retire as Chairman of the Board and a Director of Rieter Holding Ltd. at the 2008 Annual General Meeting upon reaching retirement age as stipulated in the Articles of Association. The Board of Directors of Rieter Holding Ltd., Winterthur, has decided to propose to the Annual General Meeting scheduled for May 8, 2008, that Roland W. Hess be elected to the Board of Directors. It is intended that he should be appointed Chairman.

Rieter's Board of Directors will also propose to the Annual General Meeting on May 8, 2008, that Erwin Stoller, a member of the Group Executive Committee until the end of 2007, be elected to the Board of Directors of Rieter Holding Ltd. Erwin Stoller is nominated as Vice-Chairman. Dr. Rainer Hahn, whose term of office expires 2008, will stand for re-election as a member of the board for a further three years.

Shareholders

Barclays Plc (UK) and Rieter Holding Ltd. each held more than 5% of Rieter's registered shares at the end of 2007. No other investor held a notifiable interest in the company's share capital on record date. Rieter continues to favor a wide distribution of shareholdings.

Outlook

Economic developments in 2008 are difficult to forecast at present, since the uncertainties coming from the financial markets are persisting. Rieter expects demand for textile machinery in the 2008 financial year to develop at a lower level than in the two very good preceding years. Vehicle output will increase worldwide in 2008, but will probably decline in North America.

Rieter expects sales in the current year after adjustments for currency movements and divestments to be at approximately the previous year's level. On the basis of current exchange rates, however, currency translation effects are likely to have an adverse effect of 5–10% on sales revenues stated in Swiss francs compared with the previous year. Assuming increasingly weak levels of economic activity and due to additional costs incurred in establishing manufacturing capacity in the growing markets of both divisions, Rieter expects a somewhat lower operating result than in the previous year. However, the growth prospects for sales and earnings at both divisions remain positive in the medium and long term.

Thanks

On behalf of the Board of Directors and the Group Executive Committee, we wish to thank our customers for the confidence they have shown in us and our shareholders for their commitment. Thanks to our employees for all their efforts. We have been especially appreciative of the flexibility of employees and suppliers that enabled the high volume of orders at Rieter Textile Systems to be coped with successfully.

Winterthur, March 18, 2008

Kurt Feller



Chairman
of the Board of Directors

Hartmut Reuter



Chief
Executive Officer

Thanks to Kurt Feller

Kurt Feller will retire as Chairman of the Board and a Board member of Rieter Holding Ltd. at the 2008 Annual General Meeting upon reaching retirement age as stipulated in the articles of association.

Kurt Feller joined Rieter in 1977. He first occupied various positions in the Finance Department at Rieter Machine Works Ltd., and became Finance Director and a member of the executive management team in 1982. Two years later he became a member of the Group Executive Committee. In 1989 the Board of Directors appointed him Chief Executive Officer. In 1994 the Annual General Meeting elected him to the Board of Directors and at the same time he was appointed Executive Director. Kurt Feller presided the Board since the 2000 Annual General Meeting.

Kurt Feller has been a major influence in shaping the structure of the Rieter Group as we know it today. He was one of the driving forces behind efforts to broaden Rieter's business portfolio. With the acquisition of Unikeller in 1984 and the subsequent enlargement of the automotive component supply business, the machinery manufacturer producing mainly in Switzerland became a corporate group with an international presence based on the two operating arms of Textile Systems and Automotive Systems. Kurt Feller promoted the systematic expansion of both divisions with strategic far-sightedness based on his sound knowledge of products and markets. Under his leadership the Rieter Group achieved strong growth and dynamic expansion into new markets. Sustained profitability coupled with a sound financial base, providing an essential foundation for the ongoing development of the group, were always core concerns. Among the prime strategic goals for Kurt Feller were the preservation of the company's autonomy and independence.

The Board of Directors, the Group Executive Committee and the employees of the group wish to thank Kurt Feller most sincerely for his untiring and successful efforts on behalf of the group and wish him all the best and good health for the future.

Financial highlights

CHF million	2007	2006	Change in %
Rieter Group			
Orders received	4 066.4	3 793.5 ¹	7.2
Sales	3 930.1	3 501.4 ¹	12.2
Corporate output ²	3 822.8	3 447.5	10.9
Operating result before special charges, interest and taxes	286.8	256.3	11.9
• in % of corporate output	7.5	7.4	
Operating result before interest and taxes (EBIT)	278.7	180.6	54.3
• in % of corporate output	7.3	5.2	
Net profit	211.5	157.4	34.4
• in % of corporate output	5.5	4.6	
Return on net assets (RONA) ³ %	13.8	10.8	
Cash flow ⁴	360.2	329.6	9.3
• in % of corporate output	9.4	9.6	
Investments in tangible fixed assets and intangible assets	203.5	186.2	9.3
Total assets	2 834.6	2 884.6	-1.7
Shareholders' equity before appropriation of profit	1 368.7	1 375.4	-0.5
Number of employees at year-end ⁵	15 506	14 826	4.6
Divisions			
Sales Textile Systems	1 566.8	1 322.2 ¹	18.5
Operating result before interest and taxes (EBIT) Textile Systems	200.7	92.7	116.5
• in % of corporate output Textile Systems	13.1	7.0	
Sales Automotive Systems	2 363.3	2 179.2	8.4
Operating result before interest and taxes (EBIT) Automotive Systems	91.6	94.7	-3.3
• in % of corporate output Automotive Systems	4.0	4.4	
Rieter Holding Ltd.			
Share capital	22.3	22.3	
Net profit	67.4	63.4	6.3
Gross distribution	62.8 ⁶	62.1	1.1
Number of registered shares, paid-in	4 450 856	4 450 856	
Average number of registered shares outstanding	4 092 265	4 149 946	-1.4
Price of registered shares (high/low)	CHF 717/478 ⁷	641/387 ⁷	
Number of registered shareholders on December 31	7 091	6 429	10.3
Market capitalization on December 31	1 965.7	2 661.1	-26.1
Data per registered share			
Earnings per share	CHF 48.19	35.53	35.6
Equity (group) ⁸	CHF 332.86	316.34	5.2
Gross distribution (Rieter Holding Ltd.)	CHF 15.00 ⁶	15.00	

1. Excluding manmade fiber activities, which were divested in the 4th quarter 2006.

2. Sales, adjustments for sales deductions and own work capitalized and changes in inventories of products manufactured by the company.

3. Net profit before interest cost in % of net assets excluding financial debt.

4. Net profit plus depreciation and amortization.

5. Excluding apprentices and temporary employees.

6. Proposed by the Board of Directors.

7. Source: Bloomberg.

8. Shareholders' equity attributable to shareholders of Rieter Holding Ltd. per share outstanding at December 31.

Information for investors

Information for investors

		2007	2006	2005	2004	2003
Share capital	CHF million	22.3	22.3	22.3	22.3	22.8
Net profit of Rieter Holding Ltd.	CHF million	67.4	63.4	49.3	43.7	36.6
Gross distribution	CHF million	62.8 ¹	62.1	41.5	41.2	34.0
Payout ratio (in % of net profit) ²	in %	32	42	33	33	33
Market capitalization (December 31)	CHF million	1 966	2 661	1 624	1 361	1 214
Market capitalization in % of						
• sales	in %	50	74	52	43	39
• equity attributable to Rieter shareholders	in %	150	202	136	127	132

1. Proposed by the Board of Directors.

2. Net profit after deduction of minority interests.

Data per share (RIEN)

			2007	2006	2005	2004	2003
Share prices on the SWX Swiss Exchange	high	CHF	717	641	393	350	290
	low	CHF	478	387	328	293	237
Price / earnings ratio	high		14.9	18.0	12.8	11.3	11.3
	low		9.9	10.9	10.6	9.4	9.2
Shareholders' equity (group) per registered share	CHF		332.86	316.34	286.29	260.37	230.42
Tax value per registered share	CHF		500.00	637.50	390.00	330.00	286.00
Gross distribution per registered share	CHF		15.00 ¹	15.00	10.00	10.00	8.60
Gross yield on registered shares	high	in %	2.1 ¹	2.3	2.5	2.9	3.0
	low	in %	3.1 ¹	3.9	3.0	3.4	3.6
Earnings per share	CHF		48.19	35.53	30.80	31.04	25.68

2. Proposed by the Board of Directors.

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Important dates:

- Annual General Meeting May 8, 2008
- Disbursement of dividends to the shareholders May 15, 2008
- Semi-Annual Report 2008 August 13, 2008
- Publication of sales 2008 January 30, 2009
- Deadline for proposals regarding the agenda of the Annual General Meeting 2008 February 23, 2009
- Results press conference March 24, 2009
- Annual General Meeting 2009 April 29, 2009