

RIETER



Results 2020

Media and Investor Presentation, March 9, 2021

Dr. Norbert Klapper, CEO

Kurt Ledermann, CFO

Agenda



01 Key Messages

02 Financial Results

03 Strategy

04 Outlook

Rieter Group – Key Messages

Financial Year 2020

- Sharp decline in demand in the 2020 financial year due to the COVID-19 pandemic
- Market recovery in the second half of 2020
- Order intake of CHF 640.2 million, sales of CHF 573.0 million, EBIT margin of -14.7% and net profit of -15.7% of sales in financial year 2020
- Successful crisis management and consistent strategy implementation
- No dividend proposed for the 2020 financial year
- Outlook – market recovery continues

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Financial Highlights 2020



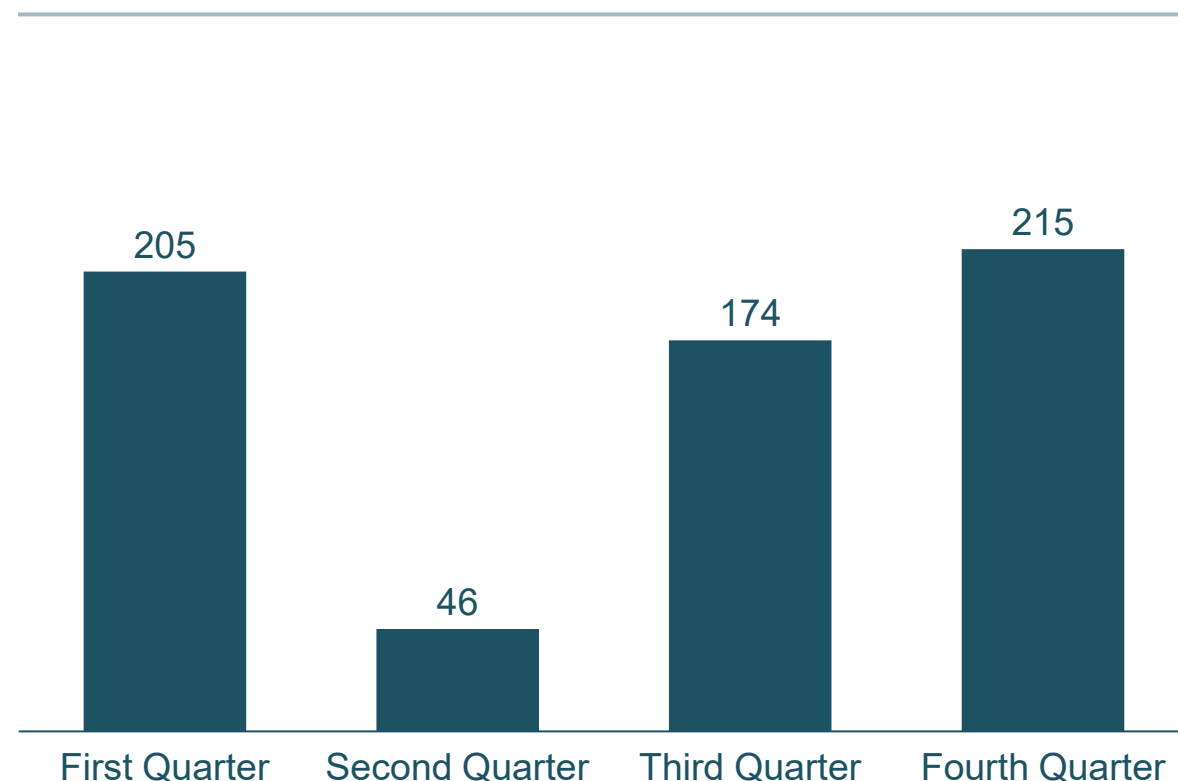
CHF million (except dividend)	2020	2019	Comments
Order intake	640.2	926.1	<ul style="list-style-type: none"> – Slump in demand in the second quarter due to COVID-19 – Recovery in the third and fourth quarters of 2020
Sales	573.0	760.0	<ul style="list-style-type: none"> – Exceptional market situation gave rise to significant decline in sales of all three business groups
Gross profit	133.8	210.1	<ul style="list-style-type: none"> – Lower margin in % due to low capacity utilization
EBITDA	-46.7	123.1	<ul style="list-style-type: none"> – Cost reduction measures – Innovation program continued
EBIT before restructuring charges	-76.7	84.6	<ul style="list-style-type: none"> – Ability to ramp-up business preserved
EBIT	-84.4	84.9	<ul style="list-style-type: none"> – Non-recurring profit contribution from sale of real estate in Ingolstadt (Germany) of CHF 94.5 million in 2019
Net profit	-89.8	52.4	<ul style="list-style-type: none"> – Impacted by lower sales and decline in profitability
Free cash flow	-74.8	42.3	<ul style="list-style-type: none"> – Decline in sales volume in 2020, cash inflow from sale of real estate in Ingolstadt (Germany) in 2019
Net liquidity	41.3	162.1	<ul style="list-style-type: none"> – Liquid funds of CHF 283.2 million at December 31, 2020
Dividend (proposal)	CHF 0.001 per share	CHF 4.50 per share	<ul style="list-style-type: none"> – The Board of Directors proposes not to pay a dividend for 2020

¹ Motion of the Board of Directors

Order Intake by Quarter

Rieter's annual order intake for the 2020 financial year totaled CHF 640.2 million (-31%).

CHF million

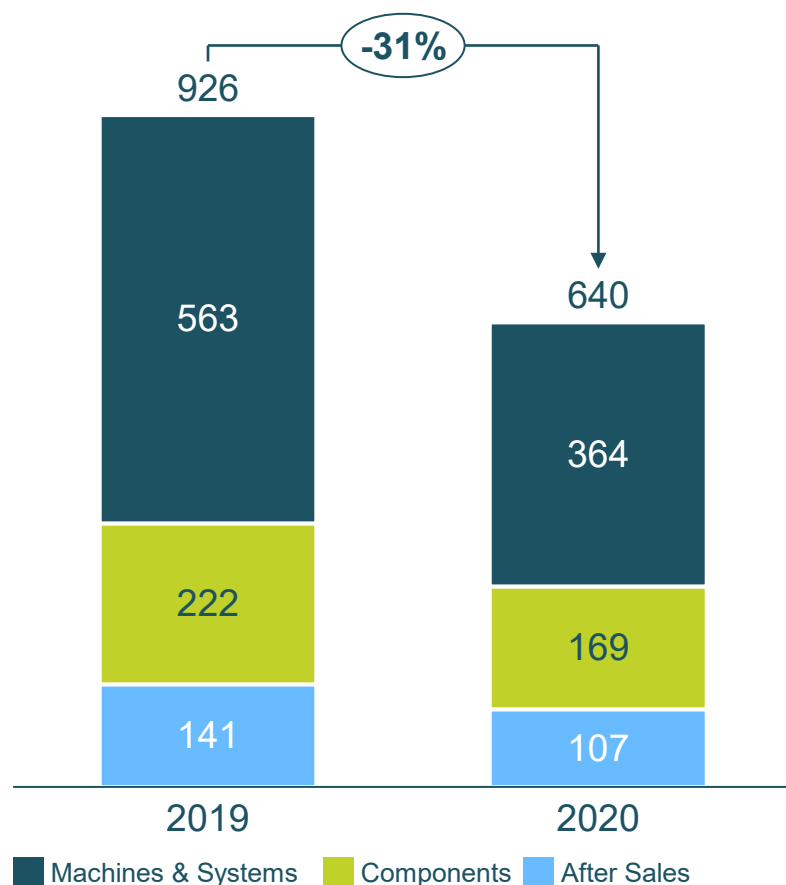


- Sharp decline in the second quarter 2020 due to the pandemic (spinning mills shut down).
- Clear market recovery started in the third quarter 2020 and continued in the fourth quarter 2020.

Order Intake by Business Group

All three business groups were affected by the slump in demand in the second quarter of 2020.

CHF million

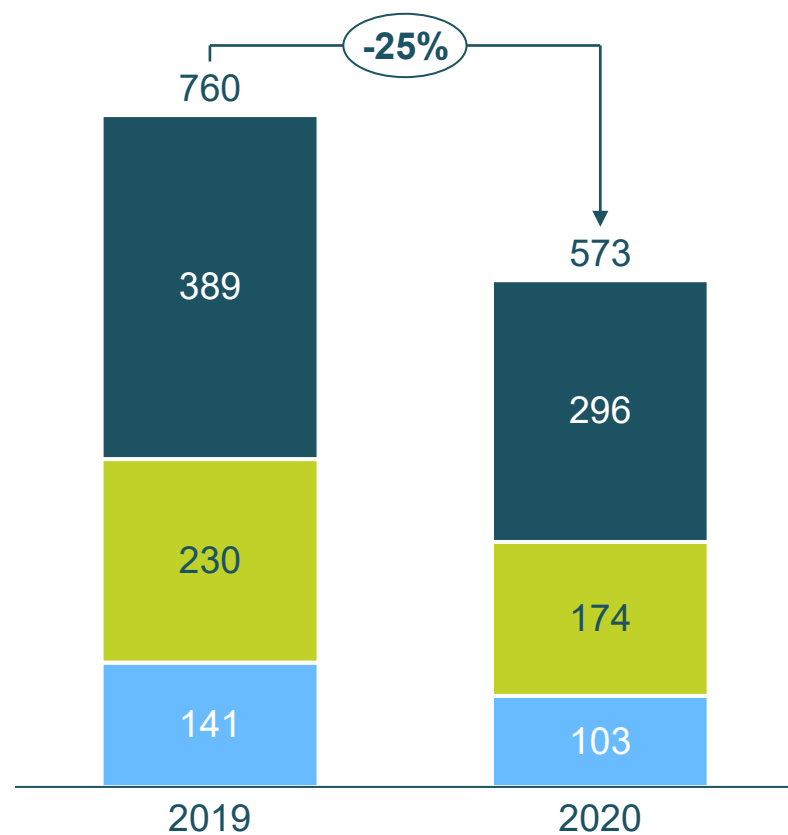


- Despite the recovery in order intake in the third and fourth quarters of 2020, the weak second quarter was only partially offset.
- The Business Group Machines & Systems was particularly hard hit by the effects of the pandemic, with a year-on-year decline of 35%.
- The Business Groups Components and After Sales each recorded a 24% reduction in order intake.
- At the end of 2020, the company had an order backlog of about CHF 560 million (December 31, 2019: about CHF 500 million).

Sales by Business Group

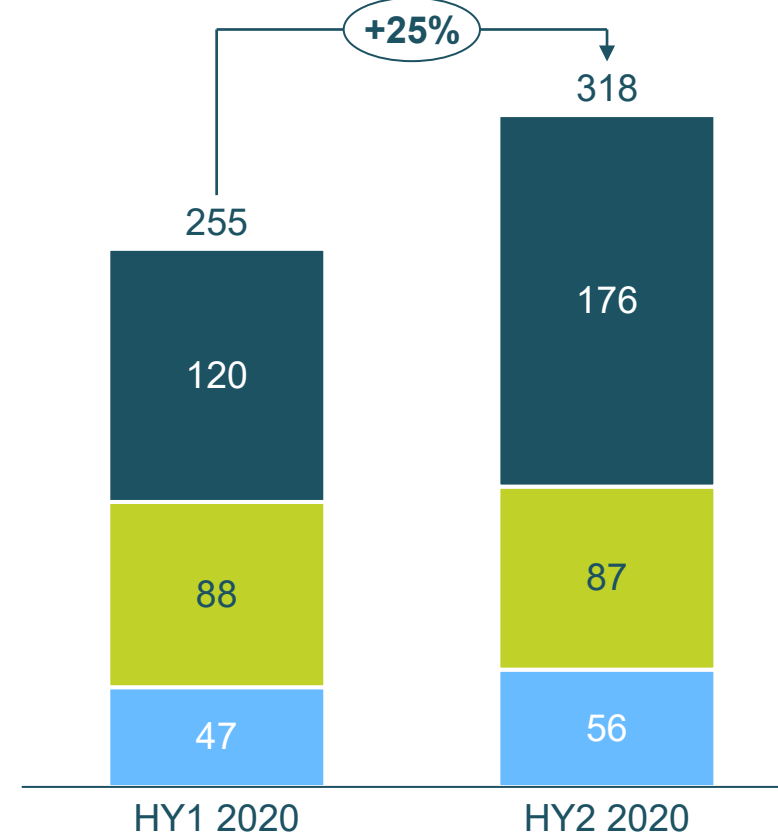
Market recovery in the second half year also reflected in sales.

CHF million



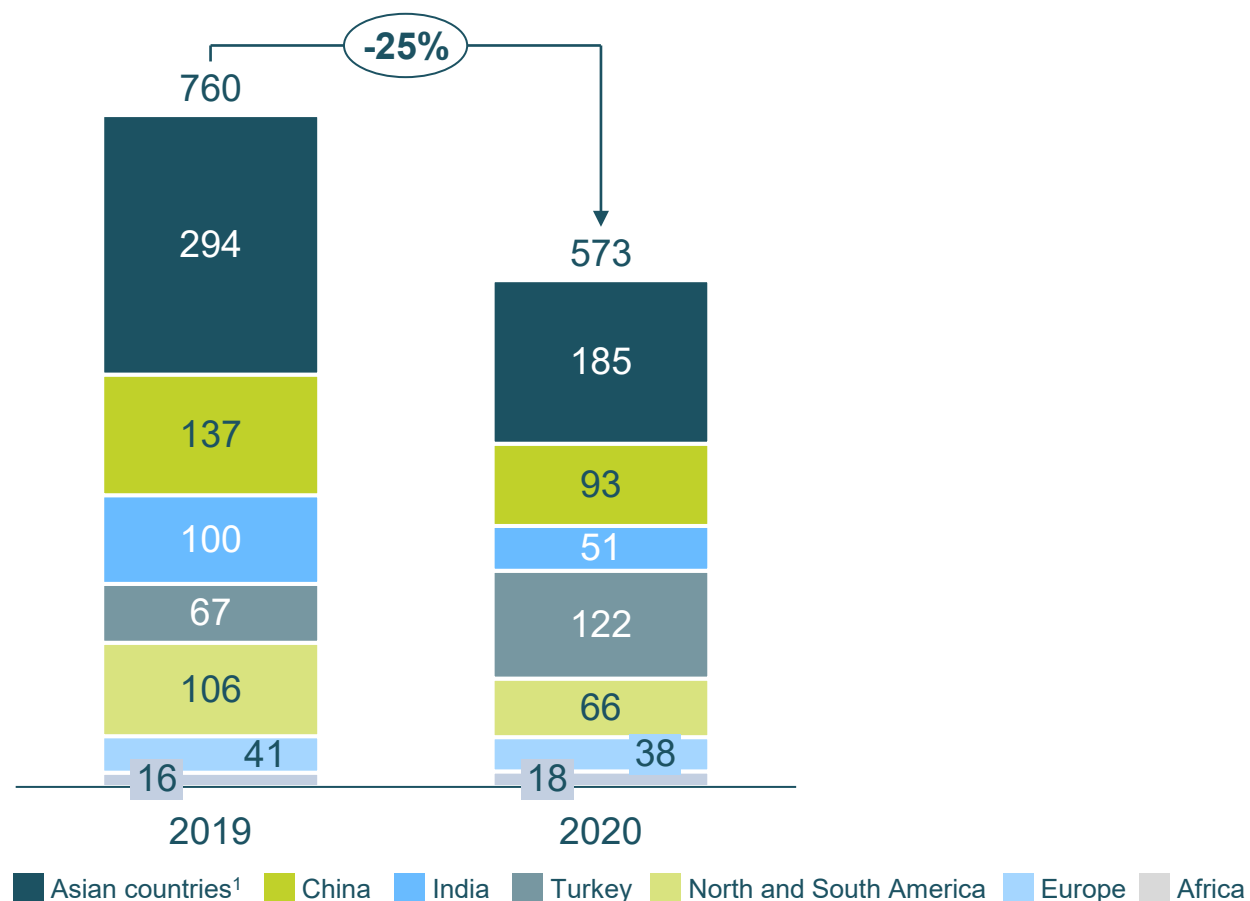
■ Machines & Systems
 ■ Components
 ■ After Sales

CHF million



Sales Development by Region

CHF million



- With the exception of Turkey, all regions were affected by the low demand as a consequence of the COVID-19 pandemic.
- In Turkey, thanks to the innovative range of products and services, Rieter benefited from customers' willingness to invest in the year under review, increasing sales by 83% to CHF 122.0 million.

EBIT



CHF million



Balance Sheet – Key Figures

Strong balance sheet

CHF million	31/12/2020	31/12/2019
Liquid funds	283.2	285.0
Net liquidity	41.3	162.1
Net working capital	-4.4	-7.5
Non-current assets	407.8	415.8
Total assets	963.5	983.0
Current financial debt	151.4	121.0
Non-current financial debt	90.5	1.9
Shareholders' equity	350.9	469.6
Equity ratio in %	36.4%	47.8%

- Liquid funds at the same level as in 2019
- Between March and November 2020, draw down of bank loans with a term of one year (CHF 131.1 million)
- Existing bond repaid in September 2020 (CHF 100.0 million)
- Bond issued in August 2020 (CHF 75.0 million, 2020 to 2024, 1.55%)
- Equity ratio decreased by 11.4 percentage points to 36.4%

Free Cash Flow

Free cash flow amounted to CHF -74.8 million in 2020.

CHF million	2020	2019
Net profit	-89.8	52.4
Depreciation and amortization	37.7	38.2
+/- Change in net working capital	12.9	-15.9
+/- Change in provisions	-0.5	-33.5
- Capital expenditure	-28.6	-31.6
+/- Gain on disposals of property, plant and equipment	-0.4	-97.0
+ Proceeds from sale of property, plant and equipment	1.5	109.9
+ Proceeds from assets held for sale	0.0	10.7
+/- Taxes	-12.7	7.3
+/- Others	5.1	1.8
Free cash flow	-74.8	42.3

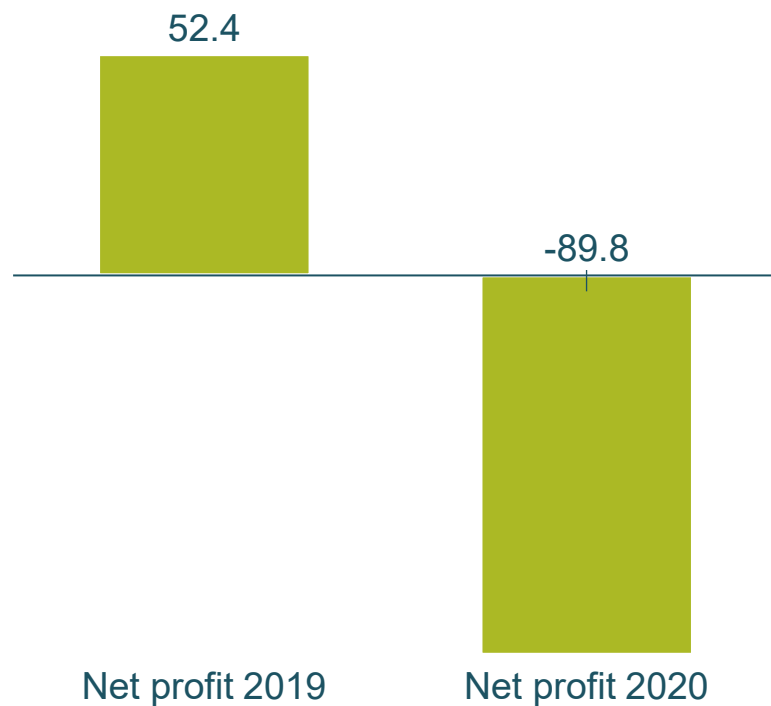
Free cash flow was mainly driven by the following effects:

- Decline in sales volume
- Active management of net working capital
- Disciplined investment spending

Net Profit and Dividend Proposal

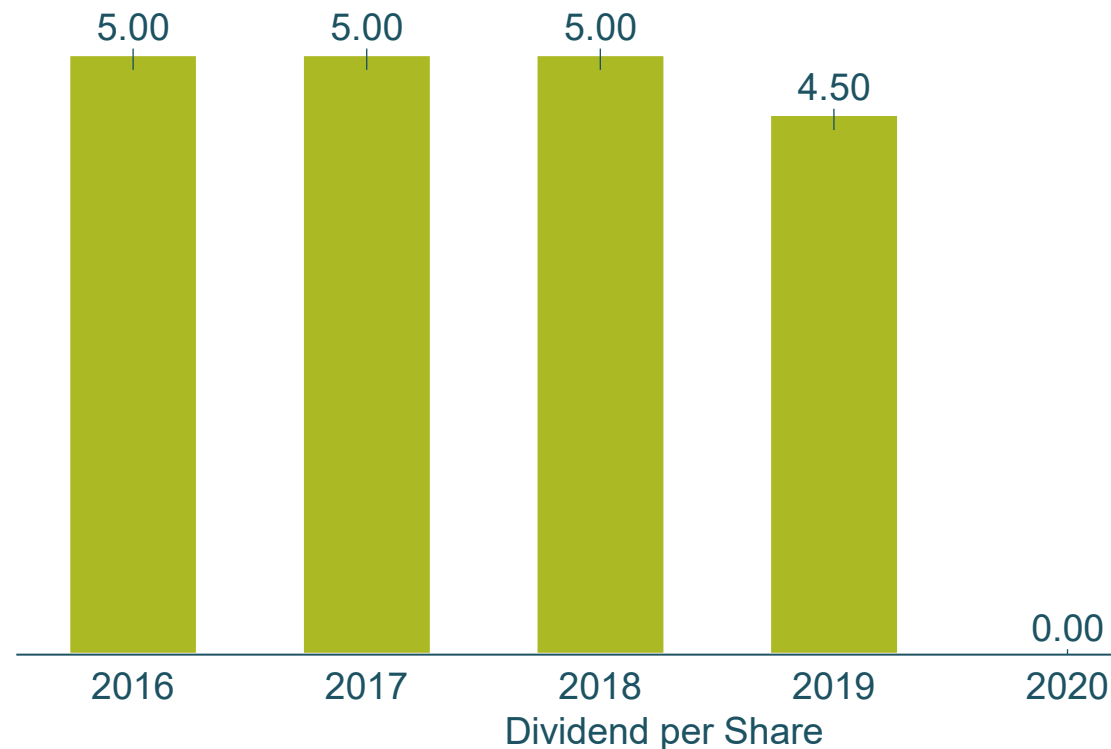
The Board of Directors proposes not to pay a dividend for 2020.

CHF million



In % of sales	6.9%	-15.7%
EPS in CHF	11.65	-20.05

CHF



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Strategy Implementation

Innovation and Technology Leadership

- Market launch of innovations presented at ITMA 2019 in Barcelona
- Major orders received for new card C 80 and new comber E 90
- Additional market launches planned for 2021



Strategy Implementation

Solutions for Rieter installed base

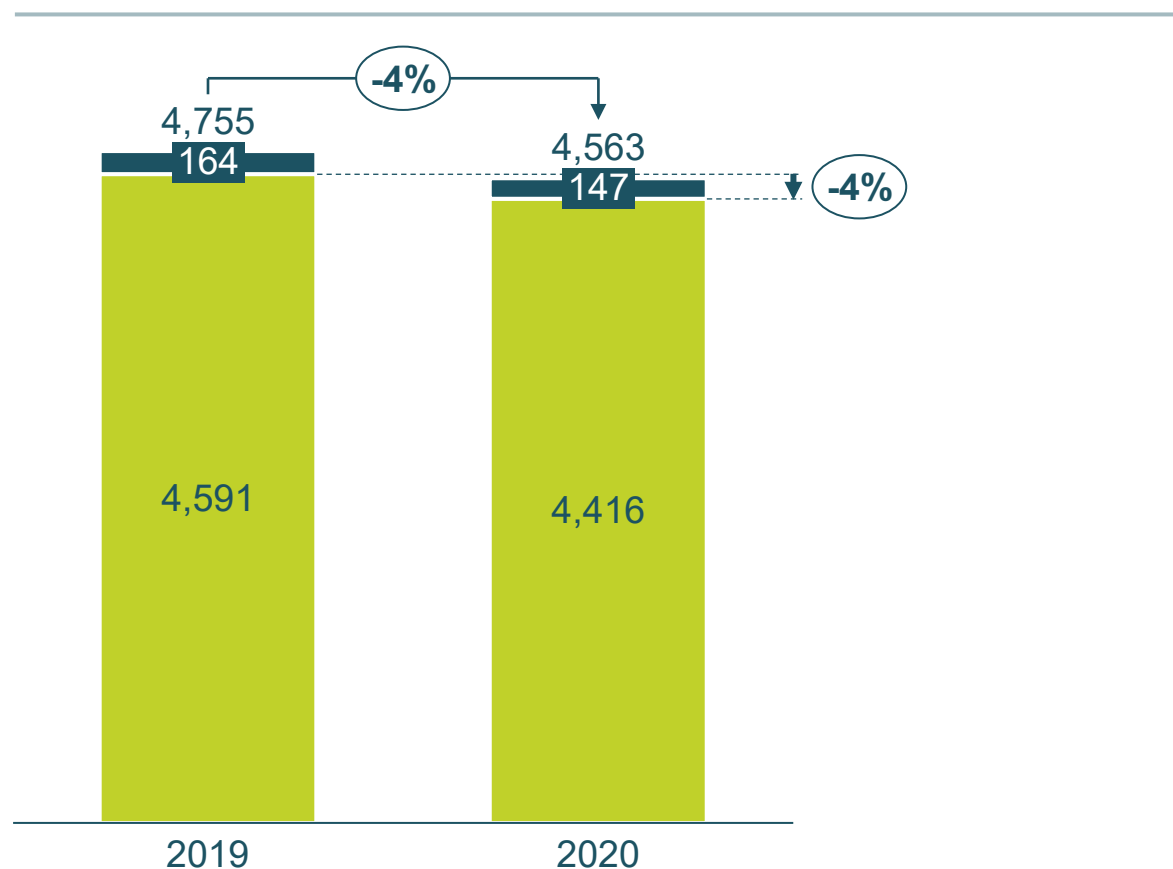
- Market launch of innovations presented at ITMA 2019 in Barcelona
- Major orders received for piecing robot ROBOspin and compacting devices COMPACTdrum and COMPACTeasy
- Additional market launches planned for 2021



Strategy Implementation

Continuous improvement of cost base

FTE¹



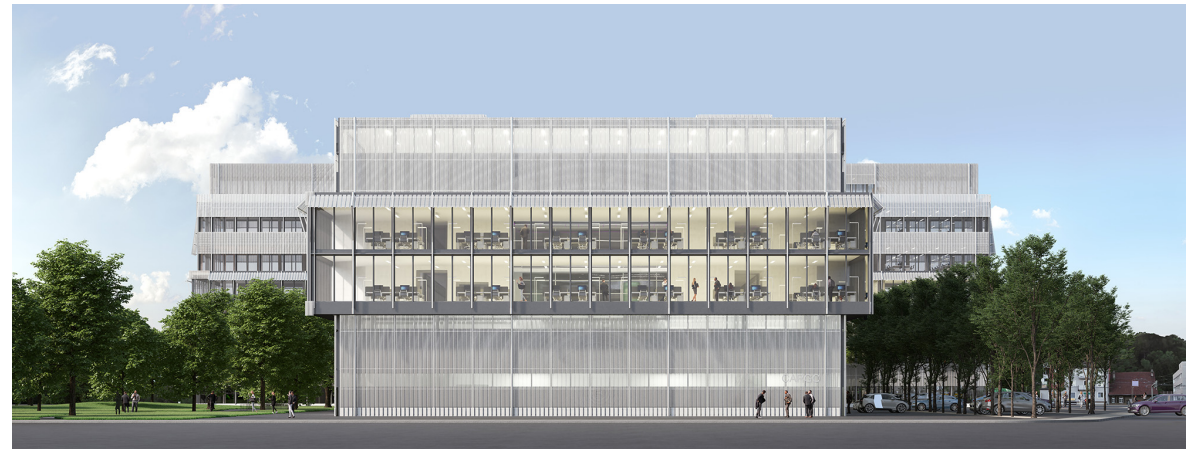
■ Temporaries ■ Permanent

¹ FTE = Full time equivalent, excluding apprentices, including temporary employees

- Execution of restructuring program announced in January 2020: 180 positions in Europe
- Capacities maintained in order to preserve ability to ramp-up business

Strategy Implementation

- The Rieter CAMPUS is an important element of Rieter's innovation strategy.
- The decision about the start of the construction work will depend on the business situation.



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Outlook

- Rieter expects the market recovery that began in the second half of 2020 to continue in 2021.
- The company expects an order intake in the first half of 2021 exceeding that of the previous half year (second half of 2020: CHF 389.5 million).
- Thanks to the improved capacity utilization, Rieter is planning short-time working in only a few areas in the first half of 2021. Nonetheless, as already announced, Rieter still anticipates that sales in the first half of 2021 will be below the break-even point.
- In connection with the high order backlog at the beginning of 2021, Rieter expects an operating profit for the full year 2021.

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Appendix

Change in the Group Executive Committee

Carsten Liske, Head of the Business Group Machines & Systems and member of the Group Executive Committee since 2015, left the Group Executive Committee at the end of February 2021 to take on a new role outside of the Rieter Group. The Board of Directors thanks Carsten Liske for his many years of successful work as well as his great contribution to the further development of Rieter and wishes him every success and all the best for the future, both professionally and personally.

With effect from March 1, 2021, the Board of Directors of Rieter Holding Ltd. has appointed Roger Albrecht as Head of the Business Group Machines & Systems and a member of the Group Executive Committee. Roger Albrecht is 38 years old and a Swiss citizen. He has a Bachelor's degree in Business Administration and a Master's degree in Accounting and Finance from the University of St. Gallen. Roger Albrecht was employed by the Hilti Group in Liechtenstein and Canada from 2008 to 2015. In 2015 he was appointed to the position of Business Group Controller in the Business Group Components, and from 2017 to the end of February 2021 he headed up Spindelfabrik Suessen GmbH in Suessen (Germany) as Managing Director.

Operating Result Before Restructuring Charges by Business Group



CHF million	2020	2019	Comments
Machines & Systems	-71.3	-49.4	– Low sales, cost saving measures, innovation program continued
Components	1.4	11.0	– Low sales, cost saving measures
After Sales	1.4	23.5	– Low sales, cost saving measures
Corporate/Others	-8.2	99.5	– Non-recurring contribution from the sale of real estate in Ingolstadt (Germany) of CHF 94.5 million in 2019
Rieter Group	-76.7	84.6	
In % of sales	-13.4%	11.1%	

Order Intake by Business Group

CHF million (unaudited)	2020	2019	Difference	Difference in local currency
Rieter	640.2	926.1	-31%	-29%
Machines & Systems	363.9	562.8	-35%	-34%
Components	169.1	222.0	-24%	-22%
After Sales	107.2	141.3	-24%	-21%

CHF million (unaudited)	HY2 2020	HY1 2020	Difference	Difference in local currency
Rieter	389.5	250.7	55%	57%
Machines & Systems	234.7	129.2	82%	83%
Components	92.4	76.7	20%	21%
After Sales	62.4	44.8	39%	42%

Sales by Business Group

CHF million	2020	2019	Difference	Difference in local currency
Rieter	573.0	760.0	-25%	-23%
Machines & Systems	295.8	389.0	-24%	-23%
Components	174.3	230.2	-24%	-23%
After Sales	102.9	140.8	-27%	-24%

CHF million (unaudited)	HY2 2020	HY1 2020	Difference	Difference in local currency
Rieter	318.1	254.9	25%	26%
Machines & Systems	175.9	119.9	47%	47%
Components	86.6	87.7	-1%	-1%
After Sales	55.6	47.3	18%	20%

Sales by Region

CHF million	2020	2019	Difference	Difference in local currency
Rieter	573.0	760.0	-25%	-23%
Asian countries ¹	184.8	293.5	-37%	-37%
China	92.8	136.7	-32%	-30%
India	50.8	99.9	-49%	-47%
Turkey	122.0	66.8	83%	84%
North and South America	66.4	105.8	-37%	-35%
Europe	38.4	41.2	-7%	-5%
Africa	17.8	16.1	11%	11%

¹ Excluding China, India, Turkey

Financial Key Figures



CHF million	FY 2020	HY2 2020	HY1 2020	FY 2019
Order Intake	640.2	389.5	250.7	926.1
Sales	573.0	318.1	254.9	760.0
EBITDA	-46.7	-10.6	-36.1	123.1
EBITDA margin (of sales)	-8.2%	-3.3%	-14.2%	16.2%
EBIT	-84.4	-29.4	-55.0	84.9
EBIT margin (of sales)	-14.7%	-9.2%	-21.6%	11.2%
Net profit	-89.8	-35.4	-54.4	52.4
R&D expenditure	52.5	24.7	27.8	53.2
Capital expenditure	28.6	14.9	13.7	31.6
Free cash flow	-74.8	20.6	-95.4	42.3

Net Working Capital

CHF million	31/12/2020	31/12/2019
Inventories	192.5	182.9
Trade receivables	50.4	68.2
Other current receivables	29.6	31.1
Trade payables	-47.7	-68.9
Advance payments	-95.5	-69.3
Other current liabilities	-133.7	-151.5
Net working capital	-4.4	-7.5

Return on Net Assets (RONA)

CHF million	31/12/2020	31/12/2019	2020	Change
Liquid funds	283.2	285.0		-1.8
Inventories and receivables	272.5	282.2		-9.7
Non-current assets	407.8	415.8		-8.0
Total assets	963.5	983.0		-19.5
Current liabilities (excluding debt)	-276.9	-289.7		+12.8
Non-current liabilities (excluding debt)	-93.8	-100.8		+7.0
Net assets (excluding debt)	592.8	592.5	591.3¹	+0.3
Net profit 2020			-89.8	
Interest cost 2020			5.0	
Net profit before interest cost 2020			-84.8	
RONA 2020 in %			-14.3%	

¹ 12 month average

Key Data by Share

Rieter registered shares of CHF 5 nominal value Bloomberg: RIEN SW, Thompson Reuters: RIEN.S	31/12/2020	30/06/2020	31/12/2019
Shares outstanding excluding own shares (end of period)	4 466 303	4 472 514	4 514 331
Average shares (for period)	4 479 637	4 487 622	4 496 460
Share price (end of period)	CHF 96.7	87.3	138.1
Market capitalization (end of period)	CHF million 432	390	623

Financial Calendar



Annual General Meeting 2021

April 15, 2021

Semi-Annual Report 2021

July 15, 2021

Publication of sales 2021

January 26, 2022

Deadline for proposals regarding the agenda of the Annual General Meeting

February 18, 2022

Results press conference 2022

March 9, 2022

Annual General Meeting 2022

April 7, 2022