



Investor Update 2018

· Media and Investor presentation, October 31, 2018

· Dr. Norbert Klapper, Group CEO

· Joris Gröflin, Group CFO



1. Key Messages

Dr. Norbert Klapper

2. Order Intake 2018

Joris Gröflin

3. Outlook 2018

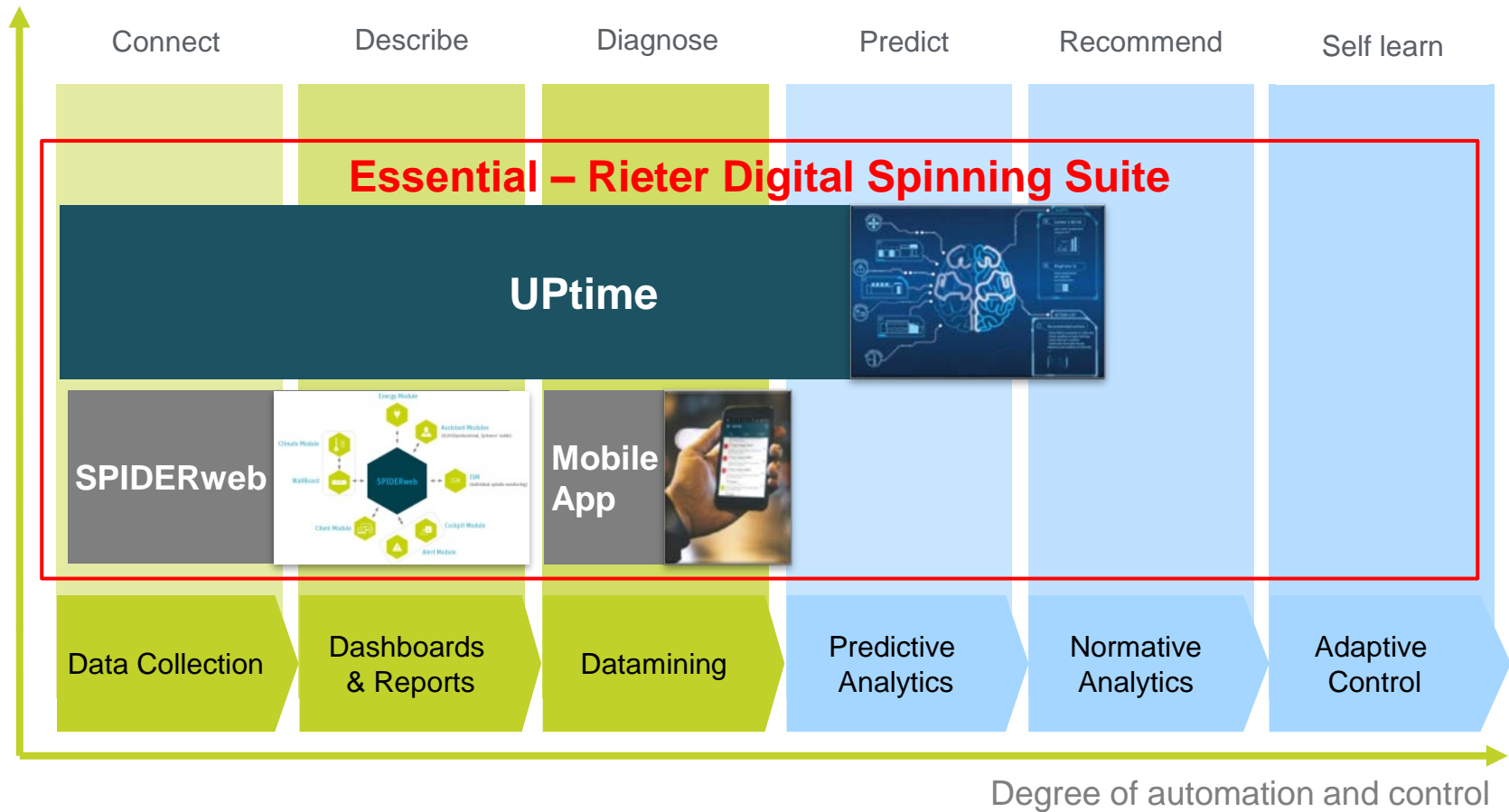
Dr. Norbert Klapper

Rieter Group – Key Messages



- Order intake of CHF 750 million after nine months
- In the third quarter, order intake of CHF 238 million
- Machines & Systems business: Below previous year – low demand from Turkey
- After Sales business: Slightly below previous year
- Components business: Stable on previous year's level
- Carsten Liske appointed as Head Business Group Machines & Systems

Focus on Systems and Digitization



1. Key Messages

Dr. Norbert Klapper

2. Order Intake 2018

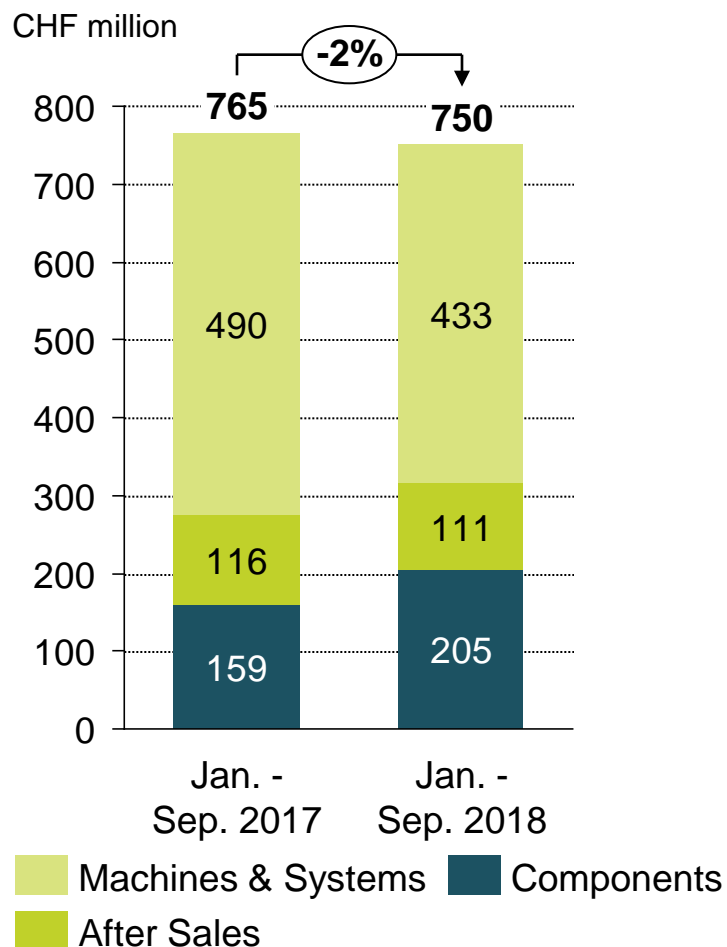
Joris Gröflin

3. Outlook 2018

Dr. Norbert Klapper

Orders by Business Group – Nine Months

Slight decrease in order intake of 2%



- Below prior year: Business Group Machines & Systems with CHF 433.4 million order intake 12% below the first nine months 2017 (-11% in local currencies)
- Slight decrease: Business Group After Sales with CHF 111.3 million order intake 4% below the first nine months 2017 (-4% in local currencies)
- Increase: Business Group Components with CHF 205.1 million order intake 29% higher than the first nine months 2017 (27% in local currencies; -3% without SSM)

Rieter Group – Order Intake in Q3



Low demand from Turkey – stable Components

CHF million

Order intake	Q3 2018 (Q3 2017)	Q3 2018 vs. 2017	
Machines & Systems	135.7 (164.9)	-29.2	<ul style="list-style-type: none"> • Increase in Asian countries¹, especially in Vietnam • Stable development in China • Weakening of demand in India due to financing constraints • Very low demand in Turkey
After Sales	36.3 (38.0)	-1.7	<ul style="list-style-type: none"> • Positive development of spare parts business • Decline in demand for installation services • Weak Turkish market
Components	66.0 (66.8)	-0.8	<ul style="list-style-type: none"> • Stable demand in the main markets
Rieter Group	238.0 (269.7)	-31.7	

¹ excluding China, India and Turkey.

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Carsten Liske appointed as Head Business Group Machines & Systems



The Board of Directors of Rieter Holding AG has appointed Carsten Liske as Head of the Business Group Machines & Systems effective January 1, 2019.

Carsten Liske has been with Rieter since 2009. In January 2015, he had been appointed to the Group Executive Committee as head of the newly formed Business Group After Sales. He has successfully built up the business group and with this contributed significantly to the development of the Rieter Group. Before, he was in charge of Global Operations and the subsidiary in China at Rieter's Business Group Machines & Systems.

Carsten Liske will take over from Chief Executive Officer Norbert Klapper who holds this position since October 1, 2018 on an interim basis.

Details about the succession arrangements regarding the Business Group After Sales shall be provided in due course.

Outlook 2018



- As announced in July of this year, for 2018 as a whole Rieter anticipates that sales will be above the 2017 figure and EBIT (before restructuring costs) will be below the prior year level. Net profit is expected to be significantly higher than in the previous year, as no extraordinary restructuring charges are anticipated in 2018.
- The situation Rieter's customers are facing in some markets (rising interest rates, strong currency and/or commodity price volatility and political uncertainty) – as outlined in July 2018 – remains unchanged. Rieter believes that these challenges will continue to impact demand.

Financial Calendar



Publication of sales 2018	January 30, 2019
Deadline for proposals regarding the agenda of the Annual General Meeting	February 22, 2019
Results press conference 2019	March 13, 2019
Annual General Meeting 2019	April 4, 2019
Semi-Annual Report 2019	July 18, 2019

Disclaimer

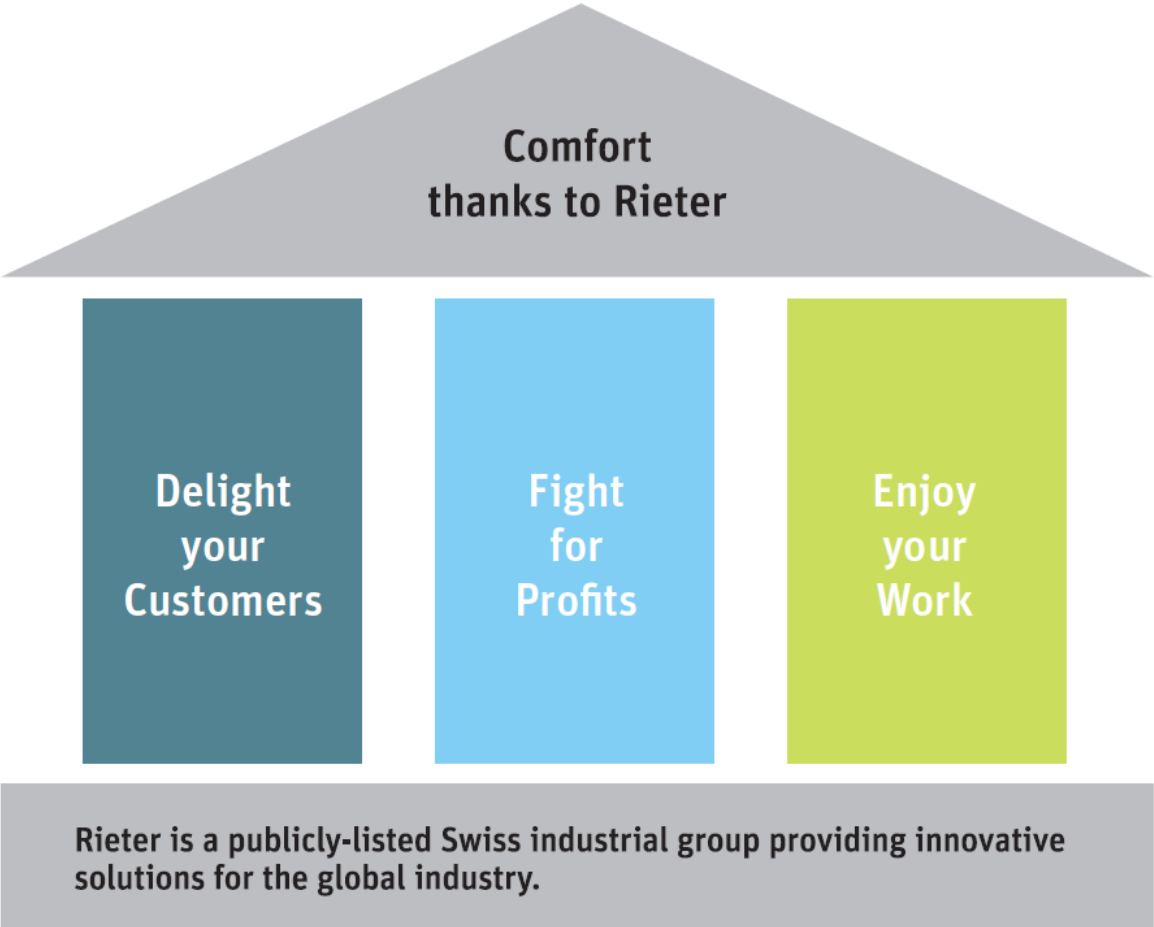


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Strategic Focus – Mid-Term Targets

Sales	Sales growth above market
EBIT margin¹	~10%
RONA²	~14%
Dividend policy	Target pay-out ratio of at least 40% of net profits

¹ At sales of ~ CHF 1.3 billion

² RONA is calculated as net result before interest costs and write-off of financial assets divided by net assets excl. financial debt

Details on Strategy Implementation



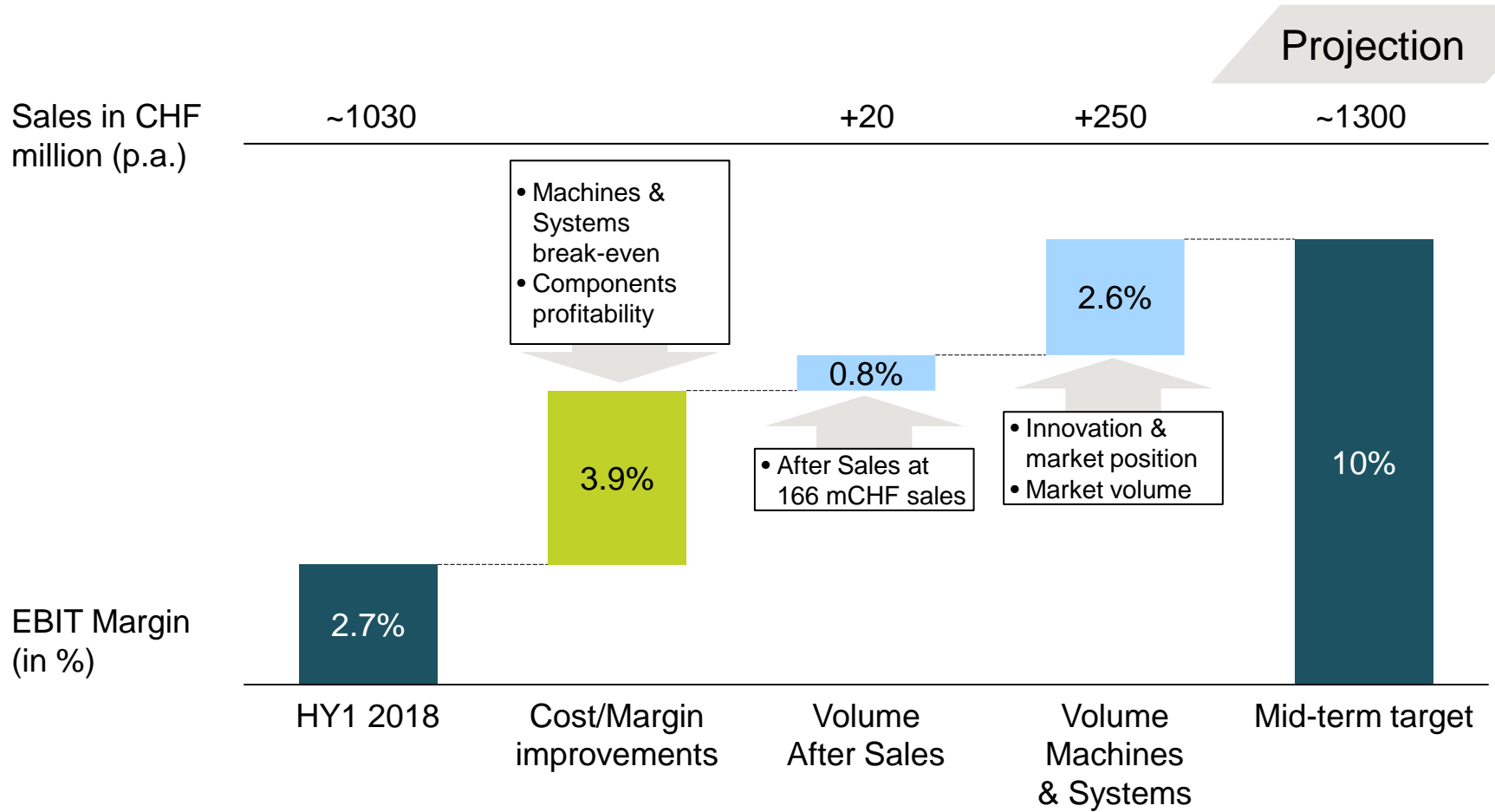
Rieter continues to aim for an EBIT margin of 10%, with sales of around CHF 1.3 billion and a Return On Net Assets (RONA) of 14%.

Focus on strategy implementation:

- Improve the market position in the machinery and systems business by accelerating the ongoing innovation program.
- Substantially lower the break-even point of the Business Group Machines & Systems. To this end, in addition to the planned shift of production from Ingolstadt (Germany) to Ústí nad Orlicí (Czech Republic), further measures are underway.
- Increase profitability of the components business by accelerating the current innovation program and optimizing the cost base.
- Further organic growth in the after sales business above sales of CHF 166 million, by increasing market share on the installed base of Rieter machines and implementing innovative digitization solutions.

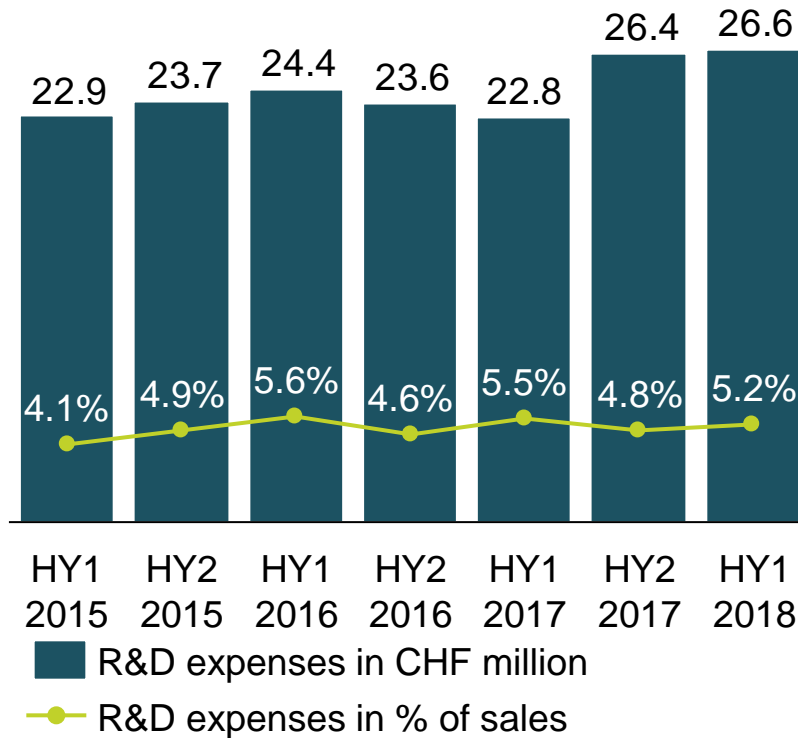
Earnings Increase Towards 10% EBIT

Strategy with focus on profitability improvement



R&D Expenses

Clearly committed to innovation



- Accelerate on-going innovation programs at Machines & Systems and at Components
- Innovative After Sales solutions (e.g. digitization)
- Strong focus on ITMA Barcelona 2019

Order Intake per Business Group



CHF million	Jan. – Sept. 2018	Jan. – Sept. 2017	Change	Change in local currency	Change without acquisitions
Rieter	749.8	765.0	-2%	-2%	-9%
Machines & Systems	433.4	490.1	-12%	-11%	-11%
After Sales	111.3	115.8	-4%	-4%	-4%
Components	205.1	159.1	29%	27%	-3%

Financial Key Figures



HY1 2018: EBIT and net profit at the level of HY1 2017

CHF million	HY1 2018	HY2 2017	HY1 2017	FY 2017
Order Intake	511.8	556.3	495.2	1 051.5
Sales	515.3	550.4	415.2	965.6
EBITDA before restr. charges	34.6	59.8	34.8	94.6
EBITDA margin (of sales)	6.7%	10.9%	8.4%	9.8%
EBIT before restr. charges	13.3	35.8	16.0	51.8
EBIT margin (of sales)	2.6%	6.5%	3.9%	5.4%
Net profit	10.9	2.4	10.9	13.3
R&D expenditures	26.6	26.4	22.8	49.2
Capex	8.6	21.7	7.7	29.4
Free cash flow	-59.7	24.3	-125.6	-101.3

Balance Sheet



HY1 2018: Net cash position despite negative free cash flow

CHF million	30/06/ 2018	31/12/ 2017	30/06/ 2017
Total assets	1 000.1	1 048.2	1 009.0
Non-current assets	419.5	450.0	442.9
Net working capital	109.5	37.9	46.6
Liquid funds	154.2	244.4	207.5
Net liquidity	47.2	130.5	101.3
Short-term financial debt	0.4	7.3	0.1
Long-term financial debt	106.6	106.6	106.1
Shareholders' equity	431.4	457.5	442.4
in % of total assets	43%	44%	44%

Decrease in net liquidity vs. December:

- Dividend of CHF 22.6 million (CHF 5.00 per share) paid out in April 2018
- Free cash flow of CHF -59.7 million

Sustainable financing:

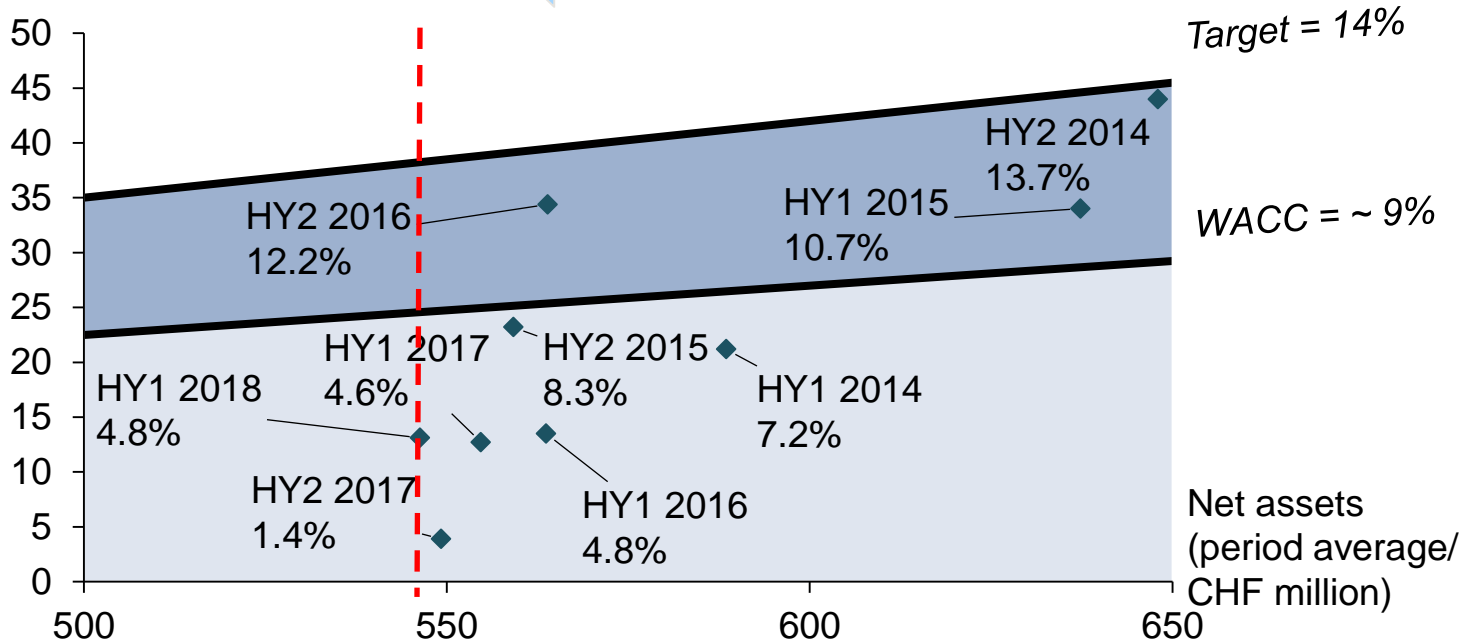
- Long-term financial debt includes bond issued in 2014 (CHF 100.0 million, 2014 to 2020, 1.5%)
- Committed credit lines of CHF 175 million in place until September 2022

Profitability Improvement Mid-Term: 14% RONA

Continued reduction of net asset basis

Net profit by half-year (before interest cost/CHF million)

- Reduction of net working capital
- Sale of non-core assets
- Investments below D&A level



- Profitability initiatives
- Cycle management