

Media Release

Ad-hoc announcement pursuant to Art. 53 LR

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Winterthur – July 20, 2023

First Half of 2023

- **Sales significantly increased to CHF 758.2 million**
- **Order intake of CHF 325.0 million; order backlog of around CHF 1 100 million as of June 30, 2023**
- **EBIT of CHF 25.2 million and net profit of CHF 13.3 million**
- **Sale of land in Winterthur**
- **“Next Level” performance program planned**
- **Outlook**

In the first half of 2023, Rieter recorded a significant increase in sales of 22.2% to CHF 758.2 million, despite some cancellations or postponements of deliveries as a result of the earthquake in Türkiye. Cyclical market downturns in the individual market segments, which were already apparent in the second half of 2022, led to an order intake of CHF 325.0 million (-62.6%) in the reporting period, lower than in the corresponding period of the previous year.

At the EBIT level, Rieter posted a profit of CHF 25.2 million in the first half of 2023, compared with a loss of CHF -10.2 million in the same period of the previous year. This positive result is attributable to the increased sales and higher gross profit as a percentage of sales of 23.9% (first half of 2022: 21.0%).

The Group is planning a “Next Level” performance program aimed at strengthening sales excellence, sharpening customer focus, improving cost efficiency in production and optimizing fixed cost structures. By taking these measures, Rieter intends to create the basis for providing an even more agile response to the cyclical machinery business. The initiatives planned in this context are expected to incur one-off restructuring costs of around CHF 45 to 50 million in the second half of 2023.

Sales

In the first half of 2023, Rieter posted sales of CHF 758.2 million (first half of 2022: CHF 620.6 million). This corresponds to an increase of 22.2%, despite the fact that deliveries for Türkiye had to be postponed or cancelled, mainly in the Business Group Machines & Systems.

Order Intake and Order Backlog

Order intake in the first half of 2023 was CHF 325.0 million (first half of 2022: CHF 869.4 million). As expected, demand thus weakened significantly from the high level of the corresponding previous year period.

Order intake in almost all regions was characterized by the reluctance to invest in new machines. Only in China did order intake increase due to investments by spinning mills in improving their local competitiveness. In addition, some customers held back pending investment decisions and waited for the innovations presented at ITMA in Milan in June 2023. At the same time, demand for consumables, wear & tear and spare parts declined due to the global market downturn.

On June 30, 2023, the company had a high order backlog of around CHF 1 100 million (June 30, 2022: around CHF 2 100 million). This therefore extends into the year 2024. As in the previous year, cancellations in the reporting period were around 5% of the order backlog, also impacted by the effects of the severe earthquake in Türkiye.

EBIT, Net Profit and Free Cash Flow

In the first half of 2023, Rieter posted a profit of CHF 25.2 million at the EBIT level, with an EBIT margin of 3.3% (first half of 2022: loss of CHF -10.2 million) and a net profit of CHF 13.3 million (first half of 2022: loss of CHF -25.2 million).

Free cash flow in the first half of 2023 was CHF 10.0 million (first half of 2022: CHF -57.1 million), which reflected the positive trend in operating profit. Net working capital remained at a high level.

“Next Level” performance program planned

The challenging market situation over the past two years was marked by severe disruptions in the global supply chain in conjunction with rising material, energy, labor, and production costs. The current global demand for textile products remains at a low level. To increase long-term value for customers, employees, and shareholders, Rieter, as technology leader, is planning a performance program called “Next Level”.

The goal of the program is to strengthen sales excellence, sharpen customer focus, improve cost efficiency in production and optimize fixed cost structures. The one-time cost of the program is anticipated to be around CHF 45 to 50 million, which will have an impact on the second half of 2023. Most of the program initiatives will be implemented before the end of 2023 with a view to achieving an expected impact from as early as 2024. With these measures Rieter is aiming to reduce operating costs by some CHF 80 million per year.

The program includes provisions for the net reduction of around 300 positions throughout the Group in relation to overhead functions. The possibility of further market- and volume-related adjustments in the order of 400 to 600 positions cannot be excluded. At the end of June 2023, Rieter had a global workforce of 5 555 employees.

The consultation processes with the employee representatives are expected to begin in the near future. Rieter will provide information about the outcome at the appropriate time.

The Rieter Board of Directors and the Group Executive Committee are confident that the planned strategic and operational measures will lay the foundations for the profitable and sustainable development of the Group.

Rieter site, Winterthur

As communicated on July 10, 2023, Rieter sold the land at Klosterstrasse in Winterthur (Switzerland), which was no longer required for operations, to the company Allreal, Glattpark (Switzerland). The company is acquiring the land with a total area of around 75 000 m². The agreed sales price is CHF 96.0 million. Transfer of ownership is expected to take place in the fall of 2023 after fulfillment of the legally and contractually stipulated completion conditions. Rieter anticipates a positive impact on EBIT of around CHF 70 to 75 million. The new Rieter CAMPUS is not part of this transaction.

Syndicated loan

The Rieter Group has transferred the bilaterally committed credit lines in the amount of CHF 250 million into a syndicated loan in the same amount. With this transaction, Rieter sustainably strengthens its financing security. The term of the loan is three years.

ITMA 2023

The textile exhibition ITMA in Milan in June 2023 was a resounding success for Rieter. The company showcased innovations in ring and air-jet spinning, as well as in fiber and spinning preparation. The products for increased automation and digitization of spinning mills and solutions in the area of recycling and sustainability were also very well received by customers. The reservation lists for all new machines were fully booked within a few days.

Outlook

Given the economic situation and the ongoing cyclical market weakness, Rieter continues to expect below-average demand for new equipment in the coming months. A revival is not expected until the fourth quarter of 2023 at the earliest. Rieter also believes that demand for consumables, wear & tear and spare parts will not recover until later in 2023.

For the full year 2023, Rieter expects an EBIT margin of around 5 to 7% (including positive special effects of less than 2%) and sales at the previous year's level of around CHF 1.5 billion.

Telephone Conference for Media and Investors

The media and investor conference call will be held **today, July 20, 2023, at 10:00 am (CEST)**.

Webcast

<https://media.choruscall.eu/mediaframe/webcast.html?webcastid=zF98bYmJ>

Dial-in details

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Presentation Material

The semi-annual report 2023, the media- and investor presentation as well as the media release can be found at: www.rieter.com/media/media-kit/

Forthcoming Dates

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| • Investor Update 2023 | October 20, 2023 |
| • Publication of sales 2023 | January 24, 2024 |
| • Deadline for proposals regarding the agenda of the Annual General Meeting | February 23, 2024 |
| • Results press conference 2024 | March 13, 2024 |
| • Annual General Meeting 2024 | April 17, 2024 |
| • Semi-Annual Report 2024 | July 18, 2024 |
| • Investor Update 2024 | October 23, 2024 |

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About Rieter

Rieter is the world's leading supplier of systems for manufacturing yarn from staple fibers in spinning mills. Based in Winterthur (Switzerland), the company develops and manufactures machinery, systems and components used to convert natural and man-made fibers and their blends into yarns in the most cost-efficient manner. Cutting-edge spinning technology from Rieter contributes to sustainability in the textile value chain by minimizing the use of resources. Rieter has been in business for more than 225 years, has 18 production locations in ten countries and employs a global workforce of around 5 600, about 16% of whom are based in Switzerland. Rieter is listed on the SIX Swiss Exchange under ticker symbol RIEN.
www.rieter.com

Order Intake by Business Group

Order Intake CHF million	January – June 2022	January – June 2023	Difference	Difference in local currency
Rieter	869.4	325.0	-63%	-61%
Machines & Systems	579.3	111.4	-81%	-80%
Components	180.9	131.0	-28%	-26%
After Sales	109.2	82.6	-24%	-21%

Sales by Business Group

Sales CHF million	January – June 2022	January – June 2023	Difference	Difference in local currency
Rieter	620.6	758.2	22%	25%
Machines & Systems	383.8	521.9	36%	39%
Components	159.9	143.9	-10%	-8%
After Sales	76.9	92.4	20%	24%

Sales by Region

Sales by Region CHF million	January – June 2022	January – June 2023	Difference	Difference in local currency
Rieter	620.6	758.2	22%	25%
Asian countries ¹	184.7	227.0	23%	23%
China	76.8	83.7	9%	17%
India	68.6	131.5	92%	102%
Türkiye	129.4	78.5	-39%	-39%
North- and South America	84.0	105.5	26%	27%
Europe	64.0	44.7	-30%	-28%
Africa	13.1	87.3	566%	568%

¹ Excluding China, India, and Türkiye

Key Figures

CHF million	January – June 2022	January – June 2023
Rieter		
Order intake	869.4	325.0
Sales	620.6	758.2
Operating result before interest, taxes, depreciation, and amortization (EBITDA)	15.6	52.2
Operating result before interest, taxes, and restructuring (EBIT before restructuring)	-10.1	28.2
- in % of sales	-1.6%	3.7%
Operating result before interest and taxes (EBIT)	-10.2	25.2
- in % of sales	-1.6%	3.3%
Net result	-25.2	13.3
Basic earnings per share (CHF)	-5.62	2.97
Free cash flow	-57.1	10.0
Net debt at the end of the reporting period	-237.0	-298.9
Equity in % of total assets at the end of the reporting period	21.3%	23.0%
Number of employees (excluding temporaries) at the end of the reporting period	5 479	5 555
Business Group Machines & Systems		
Order intake	579.3	111.4
Sales	383.8	521.9
Operating result before interest, taxes, and restructuring (EBIT before restructuring)	-30.2	2.2
- in % of sales	-7.9%	0.4%
Operating result before interest and taxes (EBIT)	-30.2	1.6
- in % of sales	-7.9%	0.3%
Business Group Components		
Order intake	180.9	131.0
Sales	159.9	143.9
Total segment sales	219.8	211.3
Operating result before interest, taxes, and restructuring (EBIT before restructuring)	12.1	16.0
- in % of segment sales	5.5%	7.6%
Operating result before interest and taxes (EBIT)	12.1	16.0
- in % of segment sales	5.5%	7.6%
Business Group After Sales		
Order intake	109.2	82.6
Sales	76.9	92.4
Operating result before interest, taxes, and restructuring (EBIT before restructuring)	8.4	16.0
- in % of sales	10.9%	17.3%
Operating result before interest and taxes (EBIT)	8.4	16.0
- in % of sales	10.9%	17.3%

Alternative Performance Measures (APM)

The definitions of the APM used are contained in the Annual Report 2022 and the Semi-Annual Report 2023.

Disclaimer

All statements in this report which do not refer to historical facts are forecasts 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. This text is a translation of the original German text.