

Media Release

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01/29/2010 - Increase in orders received and sales in the second half of 2009

Between 2007 and the business year 2009 the Rieter Group had to absorb a drastic slump in sales amounting to 1 973.8 million CHF, equivalent to a decline of some 50%, as a result of the global economic crisis. However, the group successfully defended its strong market position in the textile machinery and automotive supply businesses. A slight recovery on the markets was apparent for the first time in the second half of 2009, enabling Rieter to record increases of 30% in orders received and 17% in sales during this period compared with the first half of the year.

The Rieter Group was severely affected by the impact of the economic and financial crisis in the 2009 financial year. The unfavorable market conditions adversely influenced the trend of business at both divisions. The slump in demand that had already severely impacted 2008 continued until the spring of 2009; a slight recovery in the markets became apparent in the second half of the year. Rieter believes that activity in both sectors in which the group operates bottomed out before mid-2009.

Orders received by the Rieter Group in the 2009 financial year declined by 24% (21% in local currencies) to 1935.1 million CHF. Order intake in the second half of 2009 was 9% higher than in the same period of the previous year and 30% higher than in the first half of 2009. This positive trend was attributable to a significant increase in orders received by both divisions. Over the year as a whole group sales declined more steeply than orders received, to 1 956.3 million CHF, a reduction of 38% (35% in local currencies). In the second half of 2009 this figure was 21% lower than in the same period of the previous year and 17% higher than in the first half of 2009.

Textile Systems: 69% increase in orders received in the second half of the year

The world market for textile machinery, which had already been weakening since the fourth quarter of 2007, suffered a massive slump as of March 2008, and this bottomed out in the first quarter of 2009. There were structural and cyclical reasons for this downturn. On the one hand it marked the end of an investment boom to expand spinning capacity that had been fueled additionally in many markets by government stimulus programs. On the other hand the consequences of the economic and financial crisis had further reinforced the downswing. These resulted in a decline in textile consumption in the US and Europe and high yarn inventories in spinning mills worldwide. The rather better performance of the domestic markets in China and India was insufficient to offset this trend.

In 2009 as a whole, orders received by Rieter Textile Systems totaled 510.8 million CHF, equivalent to a decline of 5% (3% in local currencies) compared with the previous year (539.5 million CHF in 2008). The trend of business diverged in the two halves of 2009. While order intake in the first six months continued to decline

compared with the same – already weak – period in the previous year, it was some 69% higher in the second half of 2009 than in the first half. Rieter already recorded a significant increase in demand for spare parts and components in the second quarter of 2009.

Due mainly to the very low level of orders received in the second half of 2008 and at the beginning of 2009, sales in the year under review as a whole were again sharply lower. They amounted to 532.0 million CHF, equivalent to a 53% reduction compared with the previous year. As a result of the increase in orders received as of summer 2009, sales in the second half of 2009 were already some 13% higher than in the first six months.

As the leading supplier of integrated systems for short staple spinning mills and technology components, Rieter Textile Systems continued to focus on strengthening its presence on the large Asian markets and on innovations designed to meet the specific needs of these markets. The further development of the product range was systematically focused on new types of yarn, higher productivity of the systems, optimum utilization of raw material and energy efficiency.

Automotive Systems: higher sales in the second half of the year

Automobile production worldwide was 13% lower in 2009, declining from 67.4 to 58.6 million vehicles. Output was 32% lower in North America and 20% lower in Europe after already suffering a substantial decline in the previous year. Due largely to government stimulus programs to support economic activity, automobile manufacturers in both of these regions were able to reduce their excess inventories in the first six months and only started to increase output again in the summer. The trend in vehicle output in Asia (excl. Japan) and in South America was significantly better. China's automobile production grew by 46% and India's by 13%. Sales by commercial vehicle manufacturers were more than 50% lower.

Sales by Rieter Automotive Systems were 30% lower (26% lower in local currencies) in the 2009 financial year, and amounted to 1 424.3 million CHF (2 022.1 million CHF in 2008). Sales in the second six months were 12% lower than in the same period of the previous year. However, the division's sales in the second half of 2009 were 19% higher than in the first six months, despite seasonally lower demand in this period.

Automotive Systems succeeded in maintaining its strong position and expanding it in major markets in this difficult business environment. The division achieved this with a product range that ideally met customers' demands for enhanced comfort, lower weight and reduced CO2 emissions through innovative thermoacoustic systems. Automotive Systems was also able to exploit the weakness of some competitors and secure additional orders. The division is well placed to defend and selectively expand its strong market position in future.

Outlook for 2009 results

Rieter reduced its losses in the second half of the year compared with the first six months as a result of the restructuring and costcutting action taken and thanks to the slightly higher volumes in the second half. Both divisions contributed to this improvement. Rieter had a positive net liquidity at the year-end. The structural adjustment programs will be systematically continued and has the most part completed in 2010.

The Rieter Group's final figures for 2009 will be published on March 23, 2010 (press conference and presentation to analysts in Winterthur).

Annual General Meeting on April 28, 2010

The 2010 Annual General Meeting will be held in Winterthur on April 28, 2010. Any proposals regarding the agenda must be submitted in writing to Rieter Holding Ltd., Office of the Group Secretary, P.O. Box, CH-8406 Winterthur, Switzerland, by February 23, 2010, at the latest, including the relevant motions and evidence of the necessary shareholdings (par value of 0.5 million CHF as stipulated by Art. 699 of the Swiss Code of Obligations and §9 of the Articles of Association).

Presentation for investors

You will find a presentation regarding order intake and sales in 2009 under Presentations at Investor Relations.

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