

Media Release

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02/04/2011 - RIETER ACHIEVES STRIKING INCREASE IN ORDERS RECEIVED AND SALES

New orders received by the Rieter Group in the 2010 financial year were 64% higher (68% higher in local currencies) at 3'170.0 million CHF and sales were 32% higher (36% higher in local currencies) at 2'585.8 million CHF. Following the drastic slump in sales in 2008 and 2009, Rieter successfully exploited the upswing in the textile machinery and automotive markets in the year under review with attractive products. Rieter has achieved the targeted turnaround and will already report a positive net result for the 2010 financial year. Final figures and the annual report will be published on March 22, 2011, at the results press conference and presentation to analysts.

The recovery in the textile machinery and automotive markets that had started in the second half of 2009 continued in 2010. Despite the usual seasonal effects at Automotive Systems in the second six months, demand over the course of the year as a whole was at a considerably higher level than in the previous year.

Orders received by the Rieter Group in the 2010 financial year totaled 3'170.0 million CHF. Compared to the previous year's figure, this corresponded to an increase of 64% (1'935.1 million CHF in 2009). The trend in order intake was dynamic throughout the year. The steep rise compared with the previous year was due primarily to very strong demand at Textile Systems. The 32% increase in sales by the Rieter Group was less than the growth in orders received due to the low order volume in the previous year. Sales were slightly higher in the second half of the year than in the first six months and totaled 2'585.8 million CHF (1'956.3 million CHF in 2009). Exchange rate trends adversely affected both key figures, especially in the second half. In local currency terms, orders received and sales increased by 68% and 36%, respectively, in the year under review. Based on exchange rates prevailing in 2007, consolidated sales would currently already be 2.9 billion CHF again.

Rieter Textile Systems: almost three-fold increase in orders received

The world market for spinning machinery and components recorded a strong recovery with a broad regional base in the year under review, following two years of conspicuously weak demand. The main markets for Rieter were China, India and Turkey. There was also a large volume of demand from Bangladesh, Brazil, Indonesia, Pakistan, South Korea, and also the USA. The upswing was driven by investment demand for replacements and expansion as well as strong growth in textile consumption in the major Asian markets. Rieter Textile Systems successfully exploited the positive trend due to its strong market position, increasingly also in machinery and technology components which are adapted to local needs in emerging markets.

Orders received by Rieter Textile Systems rose from 510.8 million CHF in the previous year to 1'454.6 million CHF, corresponding to an almost three-fold increase. The trend in order intake was uniformly positive throughout the financial year. Sales growth was especially strong in the second half, and in the year as a whole revenue rose by 64% to 870.4 million CHF (532.0 million CHF in 2009). Order intake and sales were adversely affected by exchange rate trends. In local currency terms, orders received and sales increased by 188% and 67%, respectively.

As the leading supplier of integrated systems for short staple spinning mills and technology components, Rieter Textile Systems is continuing to expand its capacity and product portfolio in the large Asian markets. In the year under review the Textile Division continuously developed further products and components designed to meet the specific needs of these markets, focusing its innovation efforts on applications and solutions for new types of yarn, higher productivity of the systems, optimum utilization of raw material and energy efficiency.

Rieter Automotive Systems: striking increase in sales

Automobile production worldwide developed vigorously throughout 2010. A total of some 73 million light motor vehicles were manufactured, equivalent to an increase of 23% compared with the previous year. Growth was strongest in North America, where output of light motor vehicles increased by 38%. Automobile production in Europe grew by 14% on the back of an improvement in consumer sentiment. The phasing-out of scrappage premiums had no material impact on overall growth. Despite the upswing in 2010, neither of Rieter Automotive Systems' main markets – Europe and North America – regained the output levels achieved in the good years before the financial and economic crisis.

China experienced a boom exceeding even optimistic forecasts, with automobile production increasing by 28%. In 2010 more automobiles were manufactured in China than in North America as a whole. Other Asian markets also developed very strongly. There was a marked increase in the production of commercial vehicles worldwide, albeit also compared with a very low level in the previous year.

Rieter Automotive Systems successfully exploited the more favorable global environment with its broad customer portfolio and its established and newly launched products. Sales by the division rose by 20% from 1'424.3 million CHF to 1'715.4 million CHF. Encouragingly, Automotive Systems recorded only slightly lower sales in the second half than in the first six months, despite seasonal effects. However, the weakness of the US dollar and the euro versus the Swiss franc had an adverse impact on the trend in sales, especially in the second six months. In local currency terms, Automotive Systems' sales revenues were 25% higher in the 2010 financial year. Based on exchange rates prevailing in 2007, Automotive sales would currently be around 2 billion CHF.

As a leading worldwide supplier of components and systems for acoustic comfort and heat management, Rieter Automotive further expanded its presence and capacity in the growth markets of China and India as well as continuing to implement and virtually completing its restructuring program in the year under review.

Production capacity in Asia will continue to be progressively expanded in 2011. This will enable the division's strong position in its traditional markets also to be extended to new markets with innovative products and systems.

Outlook for 2010 results

In the second six months both divisions confirmed the progress in results already achieved in the first half of 2010. Rieter's operating margin at the consolidated level improved substantially in the second half of the year compared with the first half due to the performance of Textile Systems. Rieter has achieved the targeted turnaround and will post a positive net result for the 2010 financial year.

The Rieter Group's final figures for 2010 and the annual report will be published on March 22, 2011, at the results press conference and presentation to analysts in Winterthur.

Annual General Meeting on April 13, 2011

The 2011 Annual General Meeting will be held in the Eulach Hall in Winterthur on April 13. 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 25, 2011, 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 2010 under Presentations at Investor Relations.

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