

Media release

Rieter Holding Ltd.
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Winterthur, February 2, 2012

2011 financial year: Rieter reports significant increase in sales

Rieter recorded pleasing growth in the 2011 financial year. Sales rose by 22% to 1 060.8 million CHF. Orders received were 34% lower than the exceptionally strong outcome in the previous year, but remained at a healthy level (958.3 million CHF). Rieter thus still has a good backlog of orders in hand.

The figures as of December 31, 2011, are the first reported by Rieter for a full financial year in the new structure which came into effect on May 13, 2011, following the separation of the Rieter Group. Since then Rieter has been an industrially focused supplier of machinery and components for staple fiber spinning mills. Rieter will publish final figures and its annual report on March 21, 2012.

The boom in demand on the world market for textile machinery and components experienced in 2010 continued in the first quarter of 2011. The investment climate started to cool off as of the second quarter. The high cost of cotton and declining yarn prices intensified pressure on spinning mills' margins and liquidity. The second half of the year was also dominated by uncertainty due to the trend in raw material prices and prospects for the global economy. As of the second quarter the market retreated to a lower level compared with the previous year. Demand for yarns also declined in 2011. However, spinning mills were able to reduce yarn inventories to some extent again in the second half of the year.

Order intake affected by market disruption

Orders totaling 958.3 million CHF received by Rieter in 2011 were 34% lower than the very high figure recorded in the previous year (-31% in local currencies). The decline occurred in particular as of the second quarter and affected both Business Groups. While orders received by Spun Yarn Systems were 36% lower at 775.0 million CHF, at Premium Textile Components they declined by 22% to 183.3 million CHF (-34% and -17% respectively in local currencies). Generally speaking, the components business is less subject to market cycles than the machinery business.

Some customers postponed or canceled orders as a consequence of the disruption on the raw material and yarn markets. Most cancelations affected orders placed in the peak year of 2010. Rieter therefore adjusted its order book by a total of 112.6 million CHF in the second half of 2011. Excluding cancelations, orders received in the second half of the year amounted to 399.6 million CHF. Orders in hand at year-end were slightly over 600 million CHF.

China, Turkey and India were the sources of the largest volume of orders. Other important markets were South Korea, Indonesia, the USA, Brazil, Pakistan and Bangladesh. All in all Rieter further expanded its market position worldwide in the year under review and gained market share with attractive products. In China and India Rieter strengthened its market position with a specific offering for the local markets. This shows that Rieter positioned itself well and made the right investment decisions in earlier years.

Higher sales at both Business Groups

Due to the high level of orders in hand and increased output at Spun Yarn Systems, Rieter's sales rose overall by 22% compared with the previous year, to 1 060.8 million CHF (+27% in local currencies). The Spun Yarn Systems Business Group posted a 28% increase in sales to 861.7 million CHF. Sales at the Premium Textile Components Business Group increased by 4% to 199.1 million CHF. In local currencies Spun Yarn Systems grew by 32%, Premium Textile Components by 11%.

Profit outlook for 2011 confirmed

Rieter achieved disproportionate growth in profitability in the 2011 financial year as a whole. The company expects to post an operating margin (EBIT) in the double-digit range for 2011.

Rieter's final figures for 2011 and the annual report will be published on March 21, 2012, at the results press conference and presentation to analysts in Winterthur.

Annual General Meeting on April 18, 2012

The 2012 Annual General Meeting of Rieter Holding Ltd. will be held in the Eulach-Hallen in Winterthur on April 18. Any proposals regarding the agenda must be submitted in writing to Rieter Holding Ltd., Office of the Company Secretary, Klosterstrasse 32, CH-8406 Winterthur, Switzerland, by February 23, 2012, 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 to investors

You will find a presentation regarding orders received and sales in 2011 at www.rieter.com (Investor Relations >> Presentations)

About Rieter

Rieter is a leading supplier on the world market for textile machinery and components used in short staple fiber spinning. Based in Winterthur (Switzerland), the company develops and manufactures systems, machinery and technology components used to convert natural and manmade fibers and their blends into yarns. Rieter is the only supplier worldwide to cover spinning preparation processes as well as all four final spinning processes currently established on the market. With 18 manufacturing locations in 9 countries, the company employs a global workforce of some 4 700, 28% of whom are based in Switzerland. Rieter is listed on the SIX Swiss Exchange under the ticker symbol RIEN. (www.rieter.com)

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