

Media release

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## **Rieter sets priorities in the implementation of its strategy**

***Winterthur* – Focus on innovation, expansion of parts business and increase of profitability – adjusted medium-term financial targets – outlook for 2014 confirmed**

Following on the 2012/2013 investment program and the resulting enhancement of its global presence, Rieter is setting new priorities in the implementation of its strategy. The strategic objective of being the world's leading supplier of short staple spinning systems offering the full range of machines, components and parts remains unchanged. Rieter will continue in future to differentiate itself through its systems expertise, value-creating innovative solutions, after sales excellence and the worldwide availability of its product and service offering.

The priorities for the next three years will be the further reinforcement of its innovative capabilities and the expansion of its product and service offering, especially in parts and components. Additional resources for research and development are being budgeted for this purpose. Rieter will also take action to optimise the utilisation of existing capacity, improve product margins and reduce structural costs.

Rieter will thus be in the position to continue deriving above-average benefit from the market trend in demand towards products featuring higher levels of automation, productivity and energy-efficiency. Rieter intends to grow faster than the market.

### **Adjusted medium-term financial targets**

At the same time Rieter will create shareholder value with its medium-term profitability target of an EBIT margin of about 10% of sales and a RONA (Return On Net Assets) of about 14%. With ongoing annual growth in fibre consumption of 2-3%, the present currency environment, current raw material prices and its existing product and service portfolio, Rieter believes it can achieve its profitability target in the medium term with sales of some 1.3 billion CHF. Rieter intends to distribute some 30% of net profits as dividends.

### **Market environment and outlook**

Spinning mills' narrowing margins due to declining raw material and yarn prices in the third quarter have resulted in a slowdown in market momentum, especially in Turkey, the Asian countries (without China and India) and Latin America. The slightly positive momentum in India was maintained in the third quarter, while the restraint in China continued. The lower overall utilization of spinning mill capacity has also resulted in reduced demand for spare and wear and tear parts. In this more challenging market environment Rieter recorded accumulated order intake of slightly over 900 million CHF up to the end of the third quarter.

Rieter expects for the second half of 2014 a market demand on lower levels than in the strong first semester. Demand depends among other factors on the development of yarn and raw materials prices, currency exchange rates, financing costs, and global consumer sentiment.

Based on the current order backlog – of which a substantial share already reaches into 2015 – full year sales for 2014 are expected to show at least high single digit growth compared to 2013. Operational profitability (EBIT) in 2014 will be positively impacted by volume growth, whereas additional costs of 10 million CHF for conclusions of the IT-assisted processes project, low airjet capacity utilization and lower order backlog margins than in the second semester 2013 are expected to have an adverse impact also in the second semester 2014. All in all, Rieter expects for the year 2014 a higher operating result (EBIT) than in 2013.

## Presentation material

Complete presentation material and the media release can be found at [www.rieter.com](http://www.rieter.com) (<http://www.rieter.com/de/rieter/medien/mediencommuniques/>). You can also register at [www.rieter.com](http://www.rieter.com) to receive our media releases regularly by e-mail.

## Forthcoming dates

- Publication of sales figures for the 2014 financial year: February 4, 2015
- Results press conference and presentation for financial analysts on the 2014 annual results: March 18, 2015
- Annual General Meeting 2015: April 16, 2015

## About Rieter

Rieter is the world's leading supplier of systems for short-staple fibre spinning. Based in Winterthur (Switzerland), the company develops and manufactures machinery, systems and components used to convert natural and manmade fibres 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 ten countries, the company employs a global workforce of some 4 800, about 24% of whom are based in Switzerland. Rieter is listed on the SIX Swiss Exchange under the ticker symbol RIEN. ([www.rieter.com](http://www.rieter.com))

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