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2014 financial year: double-digit sales growth with a strong second half – order intake at the same level as sales – significant increase in profitability – free cash flow: 49.1 million CHF – dividend: 4.50 CHF per share proposed

Rieter posted increases in sales, profitability and market share in the 2014 financial year. Full advantage was taken of the market's momentum with successful products and a broader footprint in Asia. The company achieved double-digit sales growth with an especially strong second-half performance. Overall sales increased by 11% to 1 153.4 million CHF. New orders of 1 146.1 million CHF received in the year under review were at the same level as sales – so Rieter had an order backlog of some 730 million CHF at year-end. Rieter recorded a significant increase in profitability: EBITDA rose by 32% to 125.4 million CHF or 10.9% of sales. EBIT and net profit rose to 7.3% (84.6 million CHF) and 4.6% (52.9 million CHF) of sales, respectively. Free cash flow of 49.1 million CHF boosted net liquidity to 171.7 million CHF at year-end. The Board of Directors will propose that a dividend of 4.50 CHF be paid for the 2014 financial year out of the reserve from capital contributions. In 2014 Rieter benefited from the strategic investments made in recent years and reduced its exposure to the Swiss franc compared to 2011. There was a clear focus in 2014 on further increasing innovative capacity and profitability as well as expanding the after-sales business. Steps have been taken to reduce costs incurred in Swiss francs.

The previous year's positive trend in the market for short-staple fiber machinery and components continued in 2014, albeit to differing degrees in the various economic regions. Overall demand was above the average in previous years, although momentum slowed in some important markets in the second half of the year.

Rieter took full advantage of the trend in the flourishing markets, posted a significant increase in sales compared to 2013 and thus benefited from the significant strategic investments made in previous years. Rieter is now in a position to offer products at the highest quality level from all its locations. Substantially supported by expanded capacity in Asia, Rieter delivered a record volume of some 2.33 million spindle equivalents in the year under review (1.84 million in 2013). Deliveries of extensive full compact, ring and rotor spinning system installations made a decisive contribution to this success. Market launches of innovative components such as EliTeAdvanced for compact spinning were also successful. Thus, the company further improved its leading position in 2014.

Orders received and sales

New orders received by the Rieter Group reached the level of sales in 2014. Compared to the strong previous year, orders received decreased by 9% to 1 146.1 million CHF (2013: 1 259.4 million CHF). A large number of orders came from Asian countries, where spinning mill capacities were built up to supply the Chinese textile markets, from Turkey and the US. The positive trend in India continued throughout the year under review. In China, demand was subdued, as in the previous year. In the favourable market environment of the first half of the year, Rieter recorded significantly higher order intake than in the more challenging second half. The decline in the second half of the year was mainly attributable to lower orders from Turkey and China, and affected Rieter's machinery business more than its components business. At Spun Yarn Systems, orders received decreased in the year under review by 10% to 973.8 million CHF, compared to the previous year (2013: 1 084.3

million CHF). Premium Textile Components almost equalled the previous year's level, with orders of 172.3 million CHF (2013: 175.1 million CHF).

Rieter had a backlog of orders in hand of around 730 million CHF at the end of 2014 (December 31, 2013: around 765 million CHF), which means a high level of capacity utilisation until well into the 2015 financial year.

As expected, sales by Rieter developed strongly in the year under review and increased by 11% to 1 153.4 million CHF (2013: 1 035.3 million CHF). In the second half of the year, sales increased by 21% compared to the first half. Rieter reported the highest increase in the US, followed by Turkey, India and various Asian countries. In contrast, sales in China and Africa decreased compared to the previous year. Spun Yarn Systems increased sales by 14% to 981.0 million CHF (2013: 857.8 million CHF). Premium Textile Components posted sales to third parties of 172.4 million CHF (2013: 177.5 million CHF). Segment sales, i.e. including deliveries to Spun Yarn Systems, increased by 1% to 262.1 million CHF.

Rieter employed a total workforce of 5 004 on December 31, 2014, compared with 4 793 a year earlier. The company also employed 1 221 temporary personnel, equivalent to 19.6% of the workforce (1 210 temporary personnel or 20.2% on December 31, 2013). The number of permanent employees increased by 4% while sales grew by 11%. The significant increase in output was achieved mainly by improved utilisation of manufacturing capacity and productivity increases resulting from operational excellence initiatives.

Operating result and net profit

EBITDA at Rieter amounted to 125.4 million CHF or 10.9% of sales, an increase of 32% compared to 2013 (95.2 million CHF or 9.2% of sales).

In the year under review Rieter posted an increase of 41% in operating result before interest and taxes (EBIT) to 84.6 million CHF or 7.3% of sales (60.2 million CHF or 5.8% in 2013). The increase in employee costs (+ 10.4 million CHF or 4%) and other expenses (+ 14.8 million CHF or 9%) was considerably below sales growth (+ 118.1 million CHF or 11%). In the second half of the year, Rieter posted an EBIT margin of 8.8% on sales of 631.3 million CHF thanks to higher profitability at both business groups. Systematic capacity management and disciplined personnel management enabled employee costs in the second half to be held at the same level as in the first six months, despite higher volumes. Expenses relating to the completion of the projects for the introduction of new IT-assisted business processes were also no longer incurred in the second half of the year. Depreciation and amortisation increased to 40.8 million CHF in 2014 (35.0 million CHF in 2013).

Rieter's capital expenditure in the year under review totalled 42.2 million CHF, equivalent to 3.7% of sales (55.0 million CHF or 5.3% of sales in 2013).

Focus in 2014 was on boosting innovative capability. Research and development expenditure in 2014 amounted to 46.3 million CHF or 4.0% of sales (45.0 million CHF or 4.3% of sales in 2013).

Rieter also posted a significant increase in net profit to 52.9 million CHF, which was 41% higher than in 2013 (37.4 million CHF). The profit margin improved from 3.6 % to 4.6% of sales. Net financial result of -13.7 million CHF was slightly lower than in the previous year (-7.9 million CHF), which had benefited from positive special factors. The tax rate declined to 25.8% (28.8% in 2013) due to the more balanced distribution of profits among the different locations. Earnings per share rose to 11.52 CHF (8.56 CHF in 2013).

The return on net assets rose to 10.5% (8.5% in 2013), thus exceeding the cost of capital.

Dividend

Rieter Holding Ltd. posted a net profit of 22.8 million CHF for the 2014 financial year (13.2 million CHF in 2013). The Board of Directors will propose to the Annual General Meeting on April 16, 2015, that a dividend of 4.50 CHF per share be paid for the 2014 financial year out of the reserve from capital contributions (3.50 CHF in 2013). This corresponds to a distribution ratio of 39% of earnings per share (41% in 2013). Rieter aims for an

average distribution ratio of about 30% over the years, taking into consideration various factors such as the trend of business, liquidity needs and market prospects.

New strategic priorities

In the years 2012/2013 Rieter had laid the foundations for sustained profitable corporate development with a large-scale strategic investment program. The group pressed forward with expansion in Asia, innovation and the improvement of global business processes. The 2014 financial year showed that the extensive resources deployed had been effectively utilised.

Based on these achievements, in 2014 Rieter set new priorities for implementing its strategy in the next three years. The strategic goal of being the leading supplier for equipping spinning mills to process short-staple fibers and having the complete portfolio of machinery, spare parts and technology components at its disposal remains unchanged. Rieter intends to continue in future to distinguish itself through systems expertise, value-creating innovative solutions, excellent after-sales service and the global availability of its product and service offering. Rieter is setting three new priorities in further boosting its innovative capability, expanding its after-sales business and increasing its profitability.

- **Boosting innovative capability:** Rieter will invest additional resources in research and development in order to systematically accelerate important innovations.
- **Expanding the after-sales business:** Rieter aims to assist customers even more intensively in operating their installations, so that they can achieve a high degree of competitiveness and rapidly follow trends on the yarn market. As an integrated supplier, Rieter has at its disposal outstanding expertise covering the entire yarn manufacturing process. In order to speed up the development of this business, the relevant functions incorporated to date in the Spun Yarn Systems Business Group were combined in a new After Sales Business Group on January 1, 2015. Carsten Liske has headed this Business Group as a new member of the Group Executive Committee with effect from January 1, 2015. Rieter will amend its segmental reporting as from 2015 to reflect the new organisation, thus further enhancing its transparency.
- **Increasing profitability:** Rieter will take steps to achieve optimal utilisation of existing capacity, improve product margins and reduce structural costs.

These steps will help Rieter to continue benefiting disproportionately from the growing demand for products featuring a higher degree of automation, productivity and energy efficiency. Rieter has set itself the target of growing faster than the market.

Medium-term financial targets

After concluding its investment program Rieter has reassessed the global market environment and reviewed the company's financial targets. With its medium-term profitability target of an EBIT return of some 10% of sales and a return on net assets (RONA) of some 14%, Rieter will create value for shareholders. On the basis of ongoing growth in fiber consumption of 2-3% annually, the in 2014 underlying currency environment, raw material prices and its portfolio of products and services, Rieter assumes it can achieve its profitability target in the medium term with sales of some 1.3 billion CHF.

Further strengthening of the balance sheet and finances

Despite the small increase in net working capital of 9.9 million CHF and capital expenditure of 42.2 million CHF, Rieter recorded free cash flow of 49.1 million CHF as a result of the increase in earnings.

On December 31, 2014, cash and cash equivalents, marketable securities and time deposits totalled 445.6 million CHF and net liquidity amounted to 171.7 million CHF.

In September 2014 Rieter took advantage of the attractive interest rate environment and issued 100 million CHF of six-year bonds at an interest rate of 1.5%. Rieter thus secured the partial financing of its existing 250 million CHF bond issue, which is due for repayment on April 30, 2015. Together with the extension of the approval for authorised capital, this increases the company's flexibility in implementing its strategy.

This early refinancing operation resulted in a temporary increase in total assets, which amounted to 1 209.4 million CHF at the end of 2014. Rieter has thus further reinforced its sound balance sheet and finances and has an equity ratio of 36.5% (35.0% on December 31, 2013).

Board of Directors and Annual General Meeting

Shareholders approved all motions proposed by the Board of Directors at the ordinary general meeting held on April 9, 2014. These included an amendment to the articles of association which had become necessary as a consequence of the new Ordinance against excessive remuneration at listed public companies (VegüV). In compliance with the new legislation, the chairman, the members of the Board of Directors and the members of the remuneration committee were elected by the shareholders for a term of office of one year.

The shareholders also adopted a motion to extend the approval for authorised capital of up to 2.5 million CHF or 500 000 shares by two years. This increases Rieter's flexibility to seize strategic opportunities without delay if the need arises.

Reduced exposure to the Swiss franc

In recent years Rieter has invested increasingly in the Chinese and Indian markets as well as expanding production capacity in the Czech Republic. The global manufacturing concept has increased flexibility and reduced exposure to the Swiss franc compared to 2011.

Whereas Rieter still invoiced 53% of its sales in Swiss francs in the 2011 financial year, the relevant proportions in the 2014 financial year were as follows: 40% of sales in Swiss francs, 37% in euros and 23% in US dollars and local currencies. The proportion of costs incurred in Swiss francs declined to some 34% of sales (about 43% of sales in 2011).

Outlook

Rieter has closed the year 2014 with an order backlog of around 730 million CHF which demonstrates the global strength of the company and its brands.

Rieter's exposure to the Swiss Franc has decreased over the last years. Short term profitability improvement measures have been released to counteract the potential negative impact on top and bottom line of the stronger Swiss Franc. In addition, Rieter will streamline production and reduce purchasing volume in Switzerland. As a result and depending on the effective currency scenario in 2015, the negative impact on operating profitability (EBIT) compared to 2014 is currently estimated in the range of 100 – 200 base points.

In January and February, Rieter has seen order intake in the After Sales and Components business on last year's levels, as spinning mills continue to order upgrade kits, components and wear & tear parts. Demand in the Machines & Systems business has been below last year's levels. This is perceived to be the result of the currency driven uncertainties in the market and the low demand in China.

Based on the said above, Rieter expects sales in the first semester 2015 to be around the level of the first semester of 2014. The full year 2015 is currently expected to show lower sales volumes than 2014 due to the slower order intake at Machines & Systems. As a result, EBIT and net profit in 2015 is expected at lower levels than in 2014.

Rieter will continue to implement the strategy focus on innovation, after sales service and profitability improvements in order to reach its mid-term targets.

Thanks

2014 was an important year for Rieter. The goal was to make the most of the major investments made in previous years and cope with large volumes in the redesigned global manufacturing network. This was achieved very successfully in the second half of the year in particular and Rieter has shown that the medium-term objectives being aimed for in terms of sales and profitability are within reach. The Board of Directors and the Group Executive Committee wish to thank the workforce and employee representatives for their tireless efforts. Rieter thanks customers, suppliers and other business partners for their loyalty, and shareholders for their continued confidence.

Further information about the year-end results as well as the Annual Report 2014 and photos for the media can be found at www.rieter.com (<http://www.rieter.com/en/rieter/media/press-releases/>), (<http://www.rieter.com/en/rieter/investor-relations/presentations/2015/>), (<http://www.rieter.com/en/rieter/investor-relations/reports/annual-report/2014/>).

At www.rieter.com you can also subscribe to the mailing list for our press releases.

2014 Annual Results Media Conference

Today, March 18, 2015, 10.15 h

Location: Maschinenfabrik Rieter, Training Center, Klosterstrasse 32, 8406 Winterthur

2014 Annual Results Financial Analysts' Conference

Today, March 18, 2015, 14.00 h

Location: Maschinenfabrik Rieter, Training Center, Klosterstrasse 32, 8406 Winterthur

Conference Call, dial-in:

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+1 (1) 631 570 56 13 (USA-Toll-Free)

+91 446 688 6046 (India)

+86 400 120 2319 (China)

Important dates 2015

Annual General Meeting 2015

April 16, 2015

Semi-annual report 2015

July 23, 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 5 000, about 24% 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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Financial highlights

CHF million	2014	2013	2014/2013 Change in %
Rieter			
Orders received	1 146.1	1 259.4	-9
Sales	1 153.4	1 035.3	11
Operating result before interest and taxes (EBIT)	84.6	60.2	41
• in % of sales	7.3	5.8	
Net profit	52.9	37.4	41
• in % of sales	4.6	3.6	
Investments in tangible fixed assets and intangible assets	42.2	55.0	-23
Total assets	1 209.4	1 114.0	9
Shareholders' equity before appropriation of profit	441.9	389.7	13
Number of employees at year-end (excl. temporaries)	5 004	4 793	4
Business Group Spun Yarn Systems			
Orders received	973.8	1 084.3	-10
Sales	981.0	857.8	14
Operating result before interest and taxes (EBIT)	62.2	45.3	37
• in % of sales	6.3	5.3	
Business Group Premium Textile Components			
Orders received	172.3	175.1	-2
Sales	172.4	177.5	-3
Total segment sales	262.1	259.1	1
Operating result before interest and taxes (EBIT)	32.5	25.9	25
• in % of total segment sales	12.4	10.0	
Rieter Holding Ltd.			
Share capital	23.4	23.4	

CHF million		2014	2013	2014/2013 Change in %
Net profit		22.8	13.2	73
Dividend		21.0 ¹	16.0	31
Number of registered shares, paid-in		4 672 363	4 672 363	
Average number of registered shares outstanding		4 583 909	4 602 652	
Share price (high/low) ⁴	CHF	230/159	210/142	
Market capitalization on December 31		757.2	963.7	-21

Data per registered share

Earnings per share	CHF	11.52	8.56	35
Equity (group) ²	CHF	96.41	84.85	14
Dividend (Rieter Holding Ltd.)	CHF	4.50 ¹	3.50	29

1. According to proposal of the Board of Directors.
2. Shareholders' equity attributable to shareholders of Rieter Holding Ltd. per share outstanding at December 31.

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