

Media release

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Structural measures for production at Winterthur site; healthy demand for after-sales services and components; market for new machinery at low level

Structural measures for production at Winterthur site

Over the last few years, the spinning industry continued to move to Asia. As a consequence, Rieter has made significant investments in China and India adding production capacities in these countries. On top, the appreciation of the Swiss Franc has also contributed to a change in the business environment.

In March this year, Rieter announced that it intends to streamline production in Winterthur (Switzerland) and reduce the amount of purchases in Swiss Francs. Both measures are being introduced in response to the changed business environment.

The proposed concept for the streamlining of production provides for Rieter to concentrate on the assembly of machinery in Winterthur and thus to discontinue machining and sheet metal operations there. The corresponding discontinued production is to be taken over by other Rieter sites and suppliers, while the remaining production is to be realized in a single building.

The machinery currently being produced in Winterthur should continue to be assembled and tested there. The concept provides for the continued provision of machinery of Swiss origin.

With the implementation of the two measures, a cost reduction of CHF 15 - 20 million should be achieved as of 2017. These proposed measures, being made in 2016, will lead to investments in the single-digit million Swiss Franc range.

In addition, Rieter has started to develop a concept for future land use at the Winterthur site.

The proposed concept entails a workforce reduction of around 150 full time equivalents at the Winterthur site. Moreover, there are to be 59 fewer temporary positions. The number of persons employed by Rieter in Winterthur totaled 855 at the end of September.

Rieter foresees to minimize the number of potential layoffs through early retirement and fluctuation. Rieter has a social plan in place for potentially laid-off employees. The consultation process with the employee representatives starts today.

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Pleasing demand for after-sales services and components; market for new machinery still at low level

At the end of September 2015, Rieter posted cumulative order intake of CHF 587.1 million.

The CHF 68.2 million for orders received by the Components business group in the third quarter is especially pleasing. Also, the demand dynamics in the After Sales business group were favorable in the third quarter with order intake amounting to CHF 32.3 million.

The low demand for new machinery in the third quarter resulted in order intake totaling CHF 98.3 million at the Machines & Systems business group. Rieter will respond to the resulting lower utilization of the production capacity at the Winterthur site. Appropriate temporary working time adaptation measures are being planned.

Outlook for the business year 2015 unchanged

The outlook for the business year 2015 as communicated on July 23rd, 2015, remains unchanged.

About Rieter

Rieter is the world's leading supplier of systems for short-staple fiber spinning. Based in Winterthur (Switzerland), the company develops and manufactures machinery, systems and 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 ten countries, the company employs a global workforce of some 5 011, about 22% of whom are based in Switzerland. Rieter is listed on the SIX Swiss Exchange under the ticker symbol RIEN. (www.rieter.com)

For further details please refer to:

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