



Results 2016

- Media and investor presentation, March 14, 2017
- Dr. Norbert Klapper, Group CEO
- Joris Gröflin, Group CFO

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1. Introduction and summary of 2016 Dr. Norbert Klapper
 2. Financial results 2016 Joris Gröflin
 3. Outlook Dr. Norbert Klapper

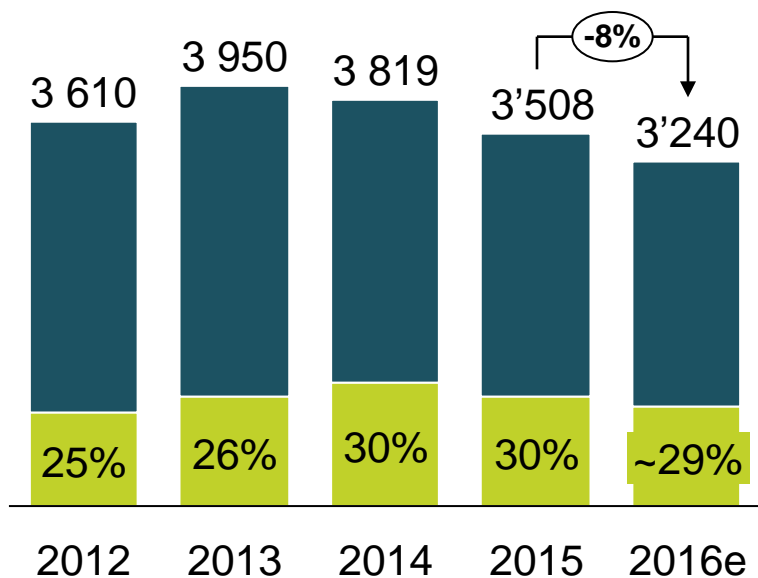
- In a volatile market, Rieter kept market share at ~29%
- “STEP UP” program on track:
 1. Innovation: Commitment to R&D continued (5.1% of sales)
 2. After sales: Increase in order intake and investments in future growth
 3. Profitability:
 - EBIT at 6% of sales, in second half year at 8% of sales
 - Free cash flow: CHF 76.3 million in 2016
 - Increase of dividend to CHF 5.00 proposed

Rieter position

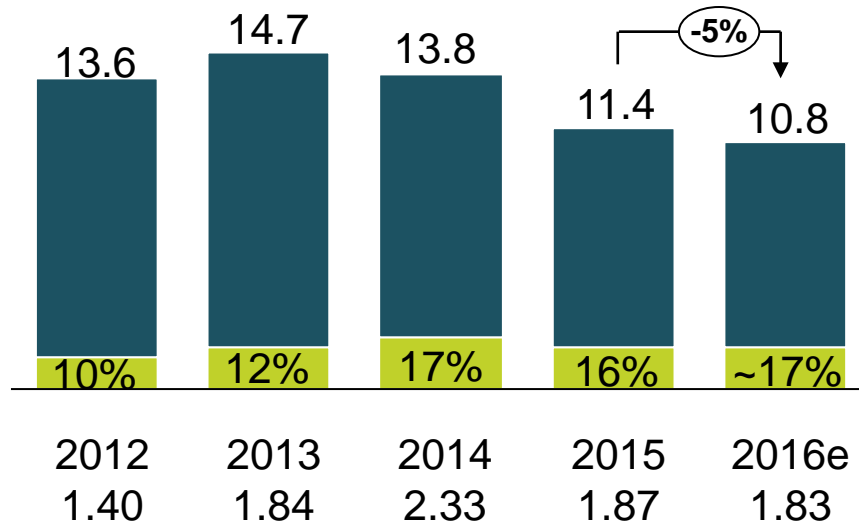


Market shares in 2016 held at ~29% in a challenging market environment.

Value (in million CHF)



Spindle equivalents (in million)



Market value
 Rieter market share

Market
 Rieter shipments (% of market)

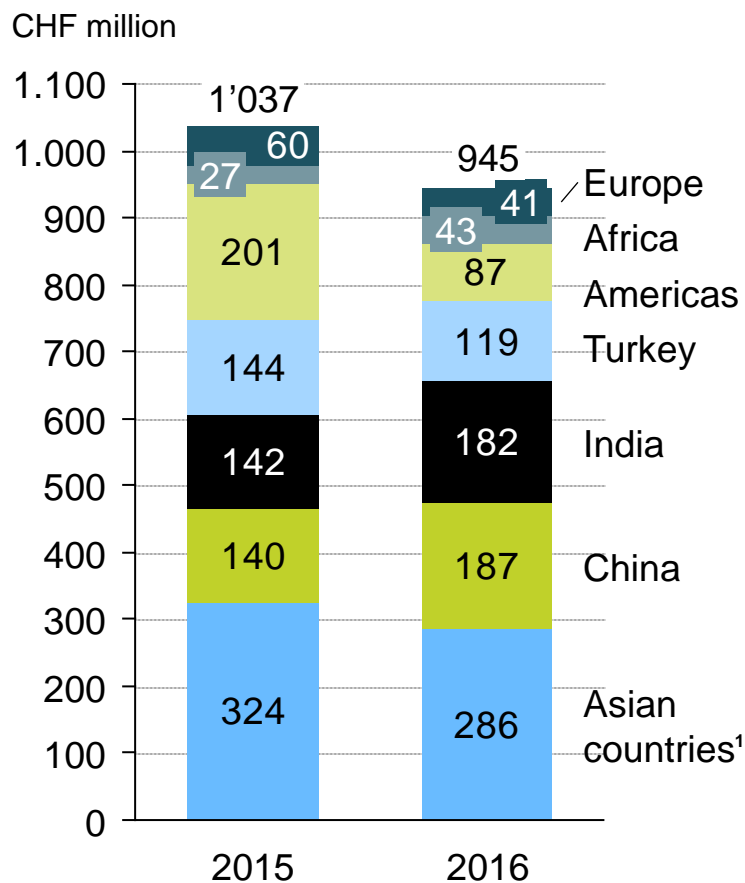
w/o Winder

Source: Rieter estimates, PCI, ITMF
2016 are preliminary estimates

Endspinning machines only

Sales development by region

Growing sales in China and India



- In the other **Asian countries**, sales declined by 12%, but remained at a good level of CHF 286.3 million
- Significant increase in **China** by 33% to CHF 186.5 million and in **India** by 28% to CHF 182.1 million
- In **Turkey**, a large portion of the good order intake from the first half year was delivered on schedule by the end of the year. Despite this, sales in Turkey fell to CHF 119.4 million, a reduction of 17% compared to the previous year
- **North and South America**, following the completion of deliveries of large orders in the previous year, sales declined to CHF 86.6 million (CHF 200.6 million in 2015)
- In **Europe**, sales decreased to CHF 40.9 million (CHF 60.2 million in 2015), mainly due to the disposal of the Schaltag group in July 2015

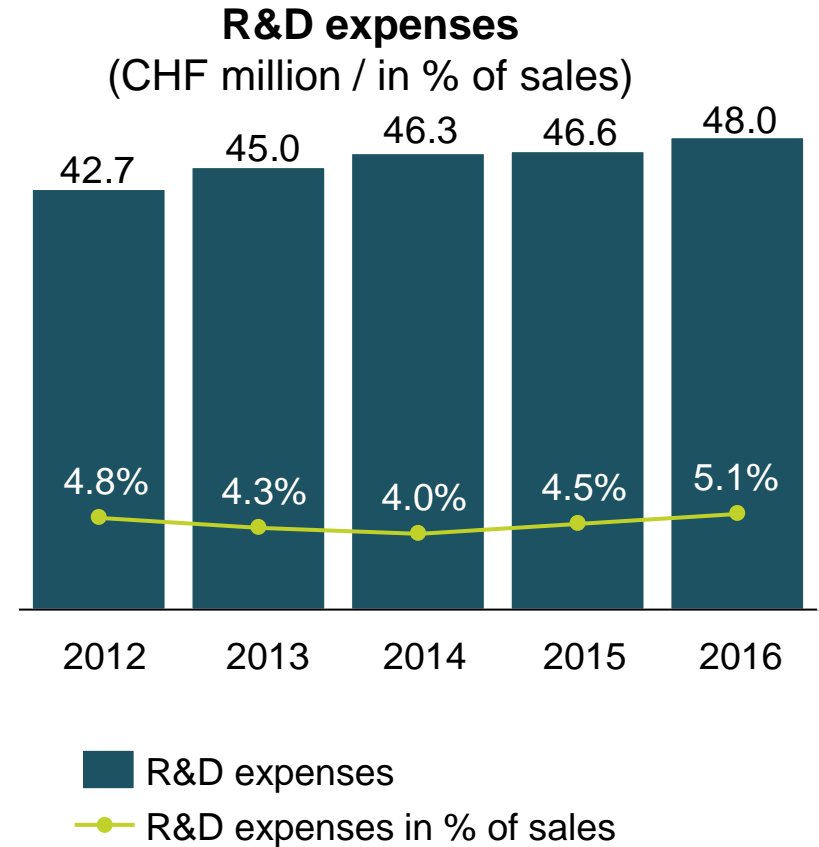
¹ Without China, India and Turkey

Innovative solutions

R&D efforts at 5% of sales

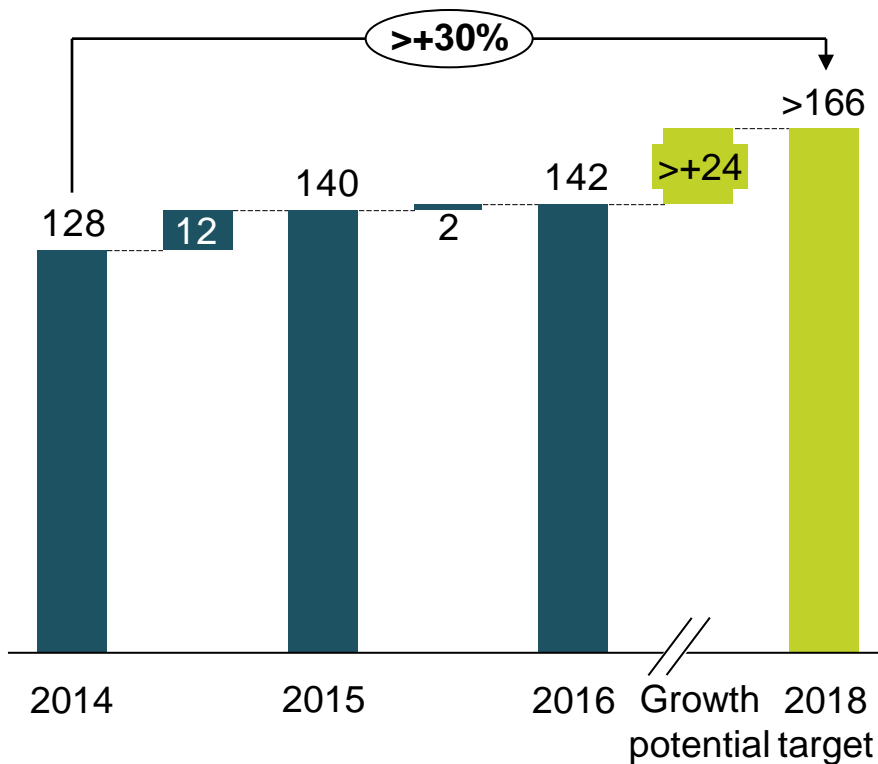
Rieter at ITMA Shanghai 2016

RSB-D 50 draw frame



Progress made in parts and after sales services

Sales (CHF million)



Growth target and main growth drivers:

- Growth target against 2014: >30% till 2018
- In 2016, growth through parts and after sales services compensated sales decrease of installation services
- After Sales Services progressing well
- Introduction of Uptime Maintenance Solution at ITME India (online expert system for the optimization of mill maintenance and monitoring)
- Improvement in delivery performance through centralization of logistics in Europe

Progress in cost reduction

Winterthur

- Announced in October 2015
 - Sheet metal and machining operations stopped, focus on assembly and R&D
 - Savings CHF 15 to 20 million annualized as of 2017
- ⇒ **Almost fully implemented. First savings realized in 2016.**

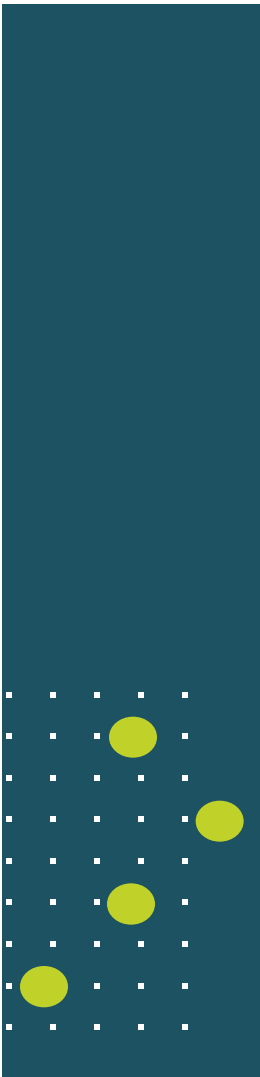
Ingolstadt

- Concept announced February 1, 2017
 - Stop production, centralize parts logistics and focus on R&D
 - Savings CHF 15 to 20 million annualized as of 2019
- ⇒ **Consultation phase with workers council started**

Planning process started



- Rieter intends to create a modern location in Winterthur on approximately 30 000 square meters:
 - Customer center
 - Product and technology center
 - Assembly
 - Administration
- Planning process is under way
- In a later phase, work will begin on developing the remaining area of around 70 000 square meters

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Financial highlights 2016



Increase in free cash flow and net liquidity – higher dividend

CHF million, except dividend

Orders received	905.2	+13%	Strong HY1, growth driven by Machines & Systems
Sales	945.0	-9%	Stronger second semester
EBITDA	95.8	10.1% margin	Stronger second semester – first benefits from restructuring in Winterthur realized
Net profit	42.7	4.5% margin	Net profit margin profited from better tax rate and financial result
Free cash flow	76.3	+17%	Capex below levels of depreciation / amortization and continued reduction of inventories
Net liquidity	263.5	+24%	Boosted by strong free cash flow
Dividend (proposal)	CHF 5.00 per share	+11%	Pay-out ratio of 53% in line with adjusted dividend policy

Financial key figures

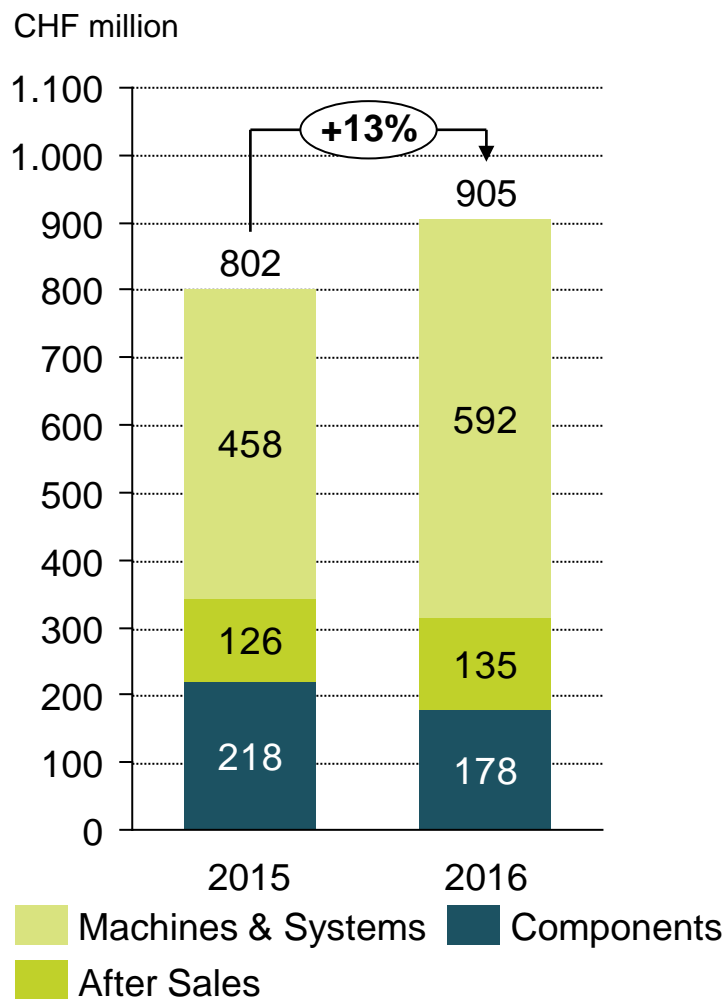


Stronger profitability and cash flows in second half year

CHF million	FY 2016	HY2 2016	HY1 2016	FY 2015
Order Intake	905.2	394.5	510.7	801.6
Sales	945.0	508.1	436.9	1 036.8
EBITDA	95.8	61.4	34.4	115.9
EBITDA margin (of sales)	10.1%	12.1%	7.9%	11.2%
EBIT	56.5	40.8	15.7	73.1
EBIT margin (of sales)	6.0%	8.0%	3.6%	7.0%
Net profit	42.7	31.7	11.0	49.8
R&D expenditures	48.0	23.6	24.4	46.6
Capex	30.9	20.2	10.7	31.6
Free cash flow	76.3	71.8	4.5	65.0

Orders by business group

Increase of orders in 2016 by 13%

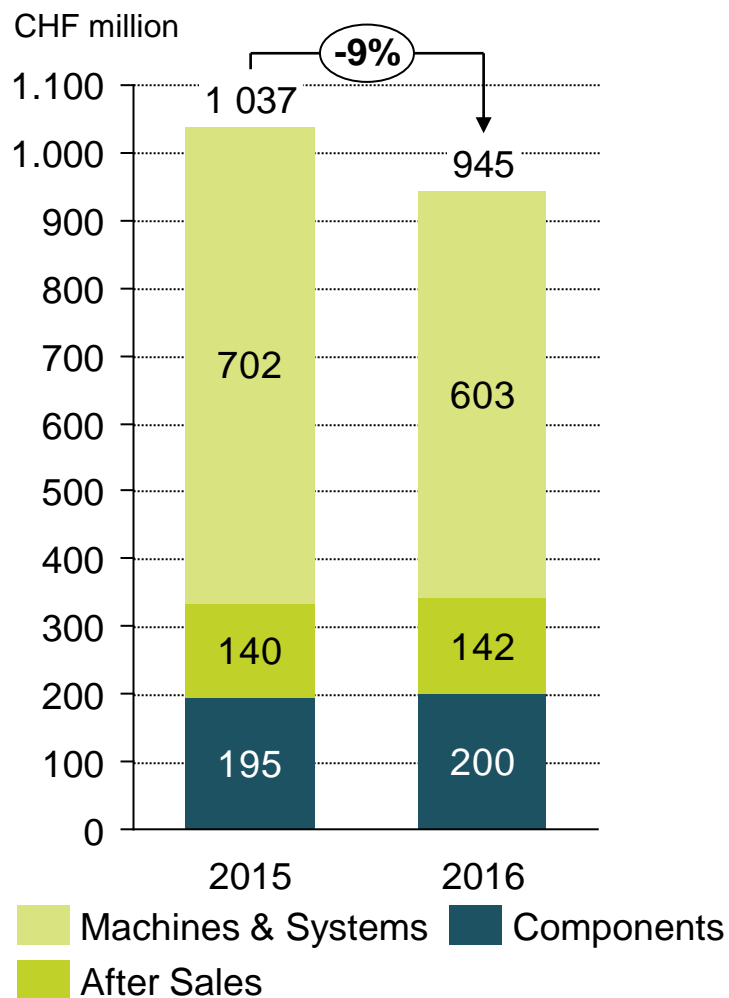


- Order intake amounted to CHF 905.2 million (2015: CHF 801.6 million)
- Strong demand in the first half year (CHF 510.7 million) and mixed dynamics in the individual countries and product categories in the second half year (CHF 394.5 million)
- Business Group Machines & Systems received CHF 591.6 million orders (+29% vs. 2015). Lower demand in the second half year impacted by political uncertainties in main markets Turkey and India
- Business Group After Sales with CHF 135.2 million orders (+7% vs. 2015). Growth achieved in spare parts, services and installation of new machines
- Business Group Components with CHF 178.4 million orders (-18% vs. 2015). Compared to exceptionally strong 2015, lower demand recorded from customers in China and India
- Order backlog at year-end at around CHF 440 million

Sales by business group



Sales at CHF 945 million in 2016 following a stronger second half year



- Machines & Systems with CHF 603.4 million sales: -14% (-13% in local currencies) compared to CHF 702.3 million sales in 2015
- After Sales with CHF 141.6 million sales: +1% growth (+1% in local currencies) compared to CHF 139.8 million sales in 2015
- Components with CHF 200.0 million sales: +3% growth (+1% in local currencies) compared to CHF 194.7 million sales in 2015
- Absolute and relative share of less cyclical After Sales and Components sales with +2% growth to prior year

Operating result (EBIT)

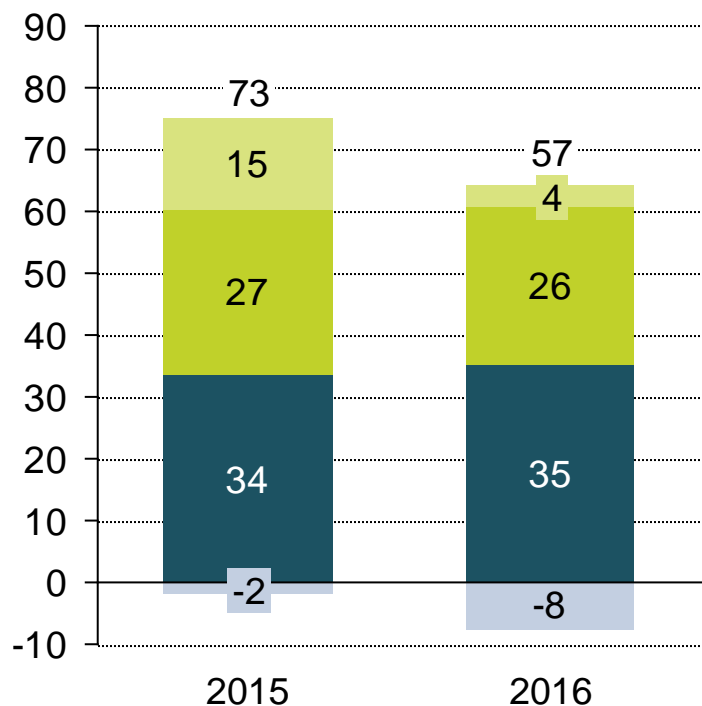
Strong contribution of Components and After Sales Business Groups

In % of sales

7.0%

6.0%

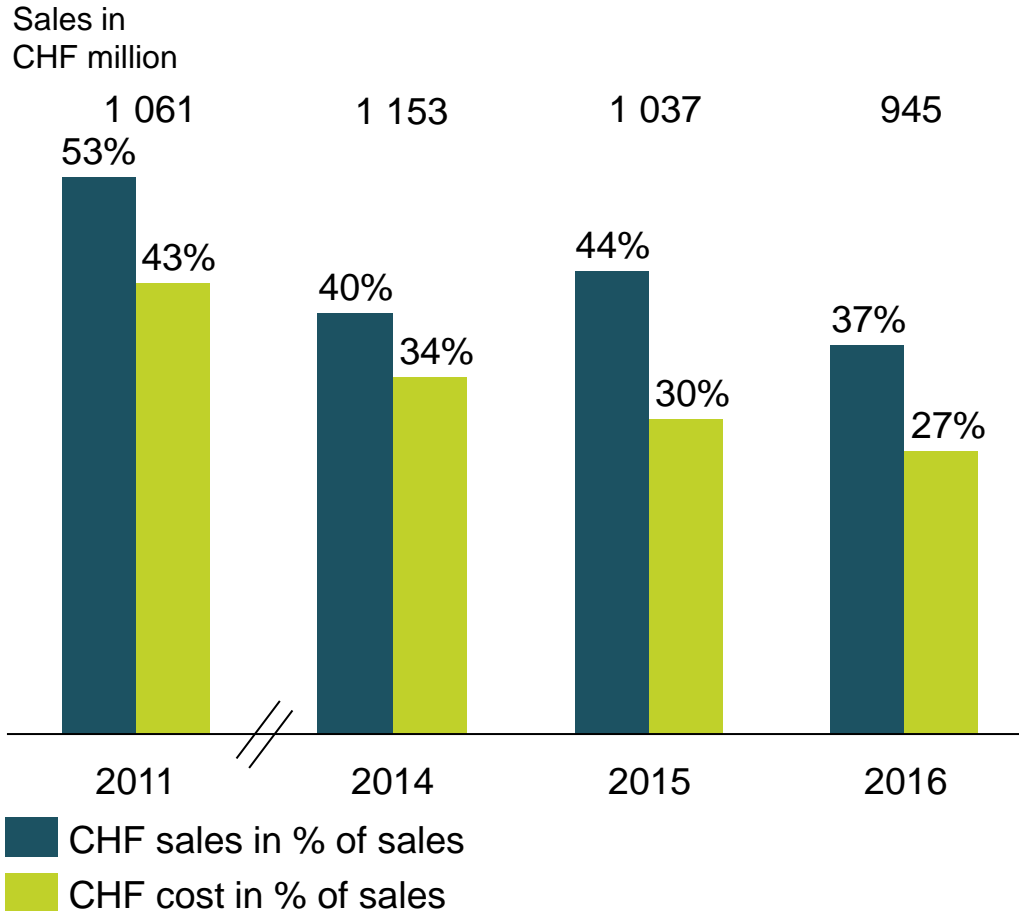
CHF million



- Profitability development stems from strong EBIT profitability of
 - Components (12.9% of total sales)
 - After Sales (18.0% of sales)
- Machines & Systems EBIT (0.6% of sales) driven by higher volume in second half-year with EBIT profitability of 4.5% of sales
- Others / consolidation without prior year's property sales of CHF 5 million

Sales / cost by currency (in %)

Rieter reduced CHF cost base further in 2016



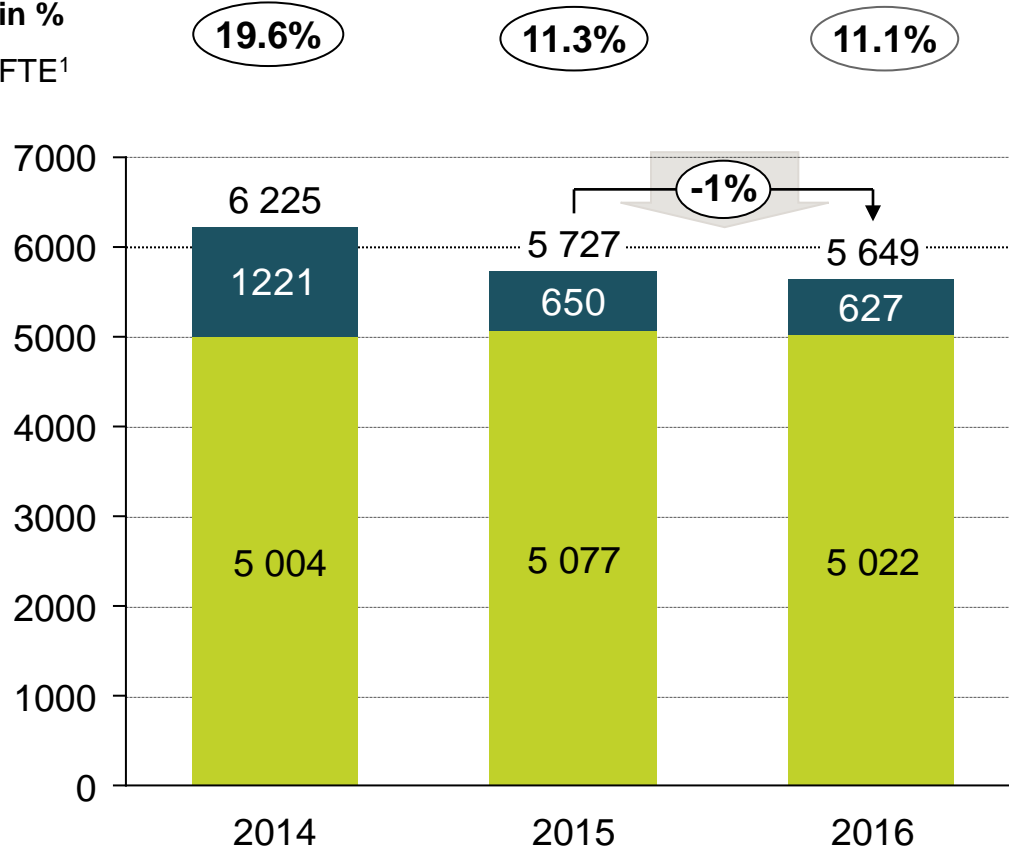
- Swiss franc exposure further reduced against 2015
- Reduction in 2016 due to streamlining of production at the location in Winterthur and reduction of the purchasing volume in Switzerland
- Increase of sales in India and China

Rieter invoiced in 2016 37% of sales in CHF (44% in 2015), 34% in EUR (33% in 2015), 5% in USD (6% in 2015) and 24% in other currencies

Changes in workforce

Slight reduction of workforce

Temporaries
in %
FTE¹



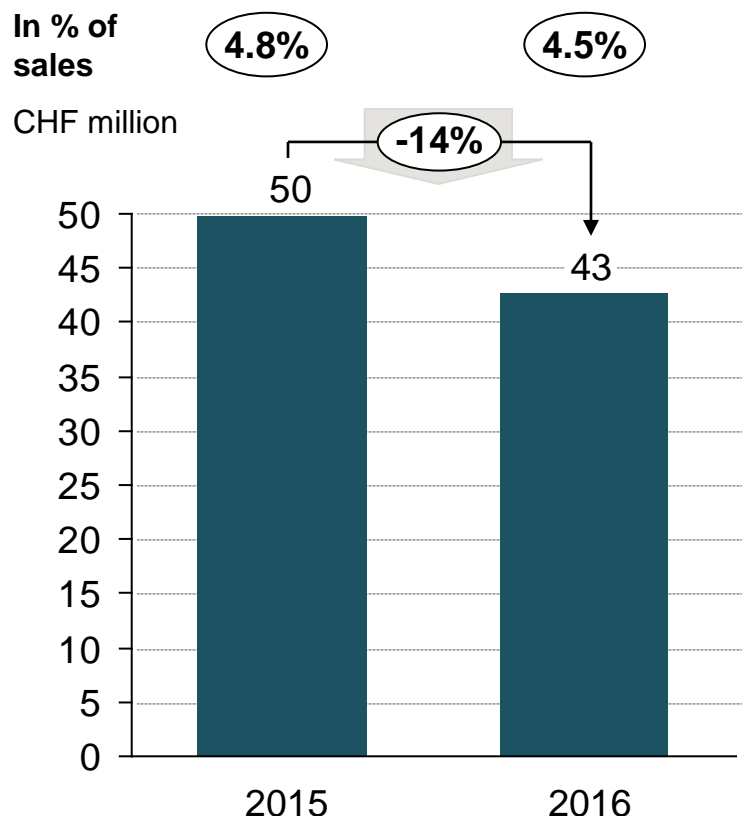
Temporaries Permanent

¹ FTE = Full time equivalent, excluding apprentices, including temporary employees

- Reduction of permanent workforce took place mainly in Switzerland, partially compensated by a build-up in China and Turkey

Net profit and RONA

Net profit margin at 4.5%



EPS in CHF	10.92	9.39
Div. in CHF	4.50	5.00 (proposal)
RONA in %	9.5%	8.5%

- Financial result is with CHF -3.1 million better than previous year (CHF -7.9 million)
- Tax rate declined to 21% (previous year 24%)
- Earnings per share decreased to CHF 9.39
- Board of Directors proposes a dividend of CHF 5.00 per share out of the legal capital reserve – this corresponds to 53% of earnings per share distribution ratio (previous year 41%)
- RONA decreased to 8.5%, slightly below cost of capital

Return on net assets (RONA) of 8.5% slightly below cost of capital

CHF million	31/12/2016	31/12/2015	2016	Change
Non-current assets	344.3	370.1		-25.8
Inventories and receivables	281.2	297.3		-16.1
Liquid funds	372.6	334.0		+38.6
Total assets	998.1	1 001.4		-3.3
Non-current liabilities (excl. debt)	-132.5	-143.9		+11.4
Current liabilities (excl. debt)	-295.8	-292.1		-3.7
Net assets (excl. debt), average¹	569.8	565.4	564.2	
Net profit 2016			42.7	
Interest cost 2016			5.2	
Net profit before interest cost 2016			47.9	
RONA 2016 in %			8.5%	

¹ 12 month average

Balance sheet



Improvement of equity ratio and net liquidity

CHF million / %	31/12/ 2016	30/06/ 2016	31/12/ 2015
Total assets	998.1	987.1	1 001.4
Non-current assets	344.3	360.4	370.1
Net working capital	-14.6	20.8	5.2
Liquid funds	372.6	305.4	334.0
Net liquidity	263.5	193.8	212.4
Short-term financial debt	9.1	10.9	14.1
Long-term financial debt	100.0	100.7	107.5
Shareholders' equity	460.7	432.7	443.8
in % of total assets	46%	44%	44%

- Net working capital reduced to CHF -14.6 million
- Net liquidity increased to CHF 263.5 million mainly impacted by free cash flow
- Dividend of CHF 20.4 million (CHF 4.50 per share) paid out in April 2016
- Long-term financial debt includes bond issued in 2014 (CHF 100.0 million, 2014 to 2020, 1.5%)
- Shareholders' equity ratio increased to 46.2%

Net working capital



Strong decrease of net working capital to CHF -14.6 million

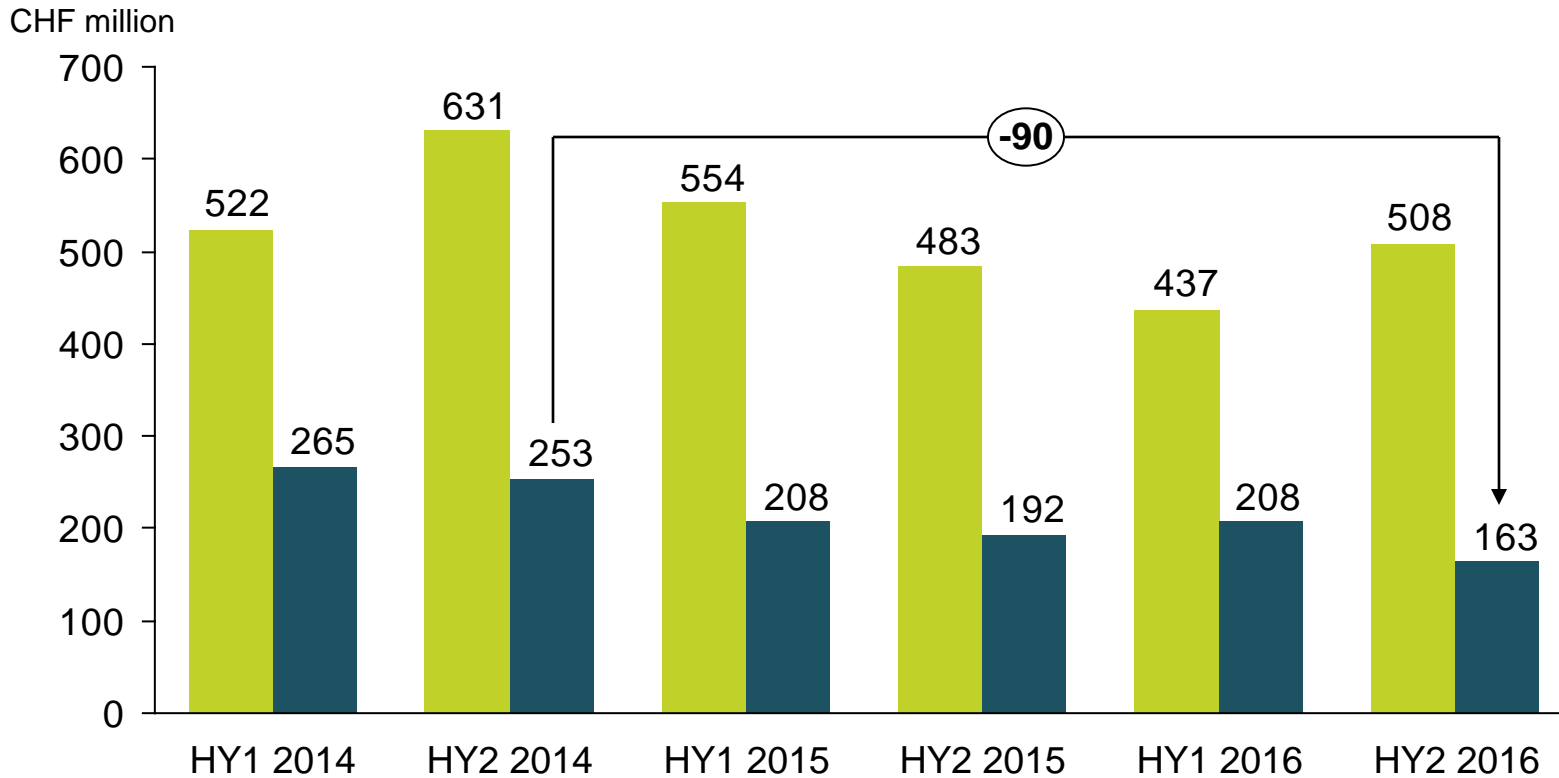
CHF million	31/12/ 2016	30/06/ 2016	31/12/ 2015
Inventories	163.2	210.7	191.5
Trade receivables	59.4	54.1	63.7
Other current receivables	58.6	56.5	42.1
Trade payables	-79.4	-66.6	-86.3
Advance payments	-86.7	-79.1	-71.5
Other current liabilities	-129.7	-154.8	-134.3
Net working capital	-14.6	20.8	5.2

Positive impacts on net working capital thanks to

- substantially lower inventories
- trade receivable management
- higher advance payments

Inventories: Development 2014 – 2016

Continued inventory reduction by ~90 million CHF since 2014



 Sales  Inventories

Capital expenditures / depreciation & amortization

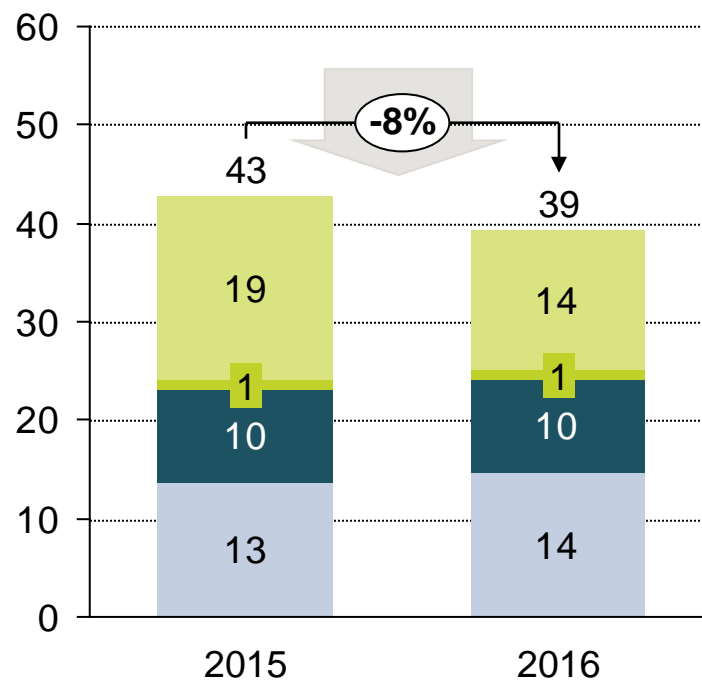
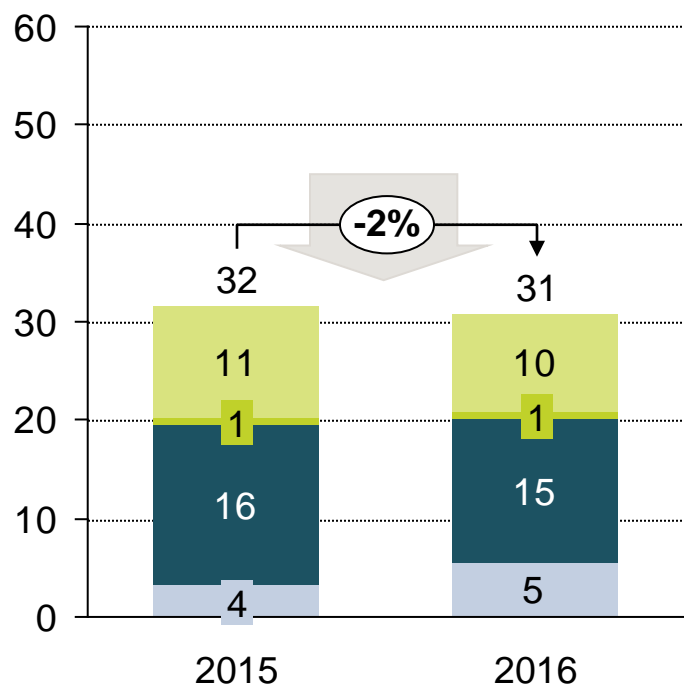


Capital expenditures below the level of depreciation / amortization

CHF million

Capital expenditures

Depreciation & amortization



Free cash flow

Strong free cash flow of CHF 76.3 million

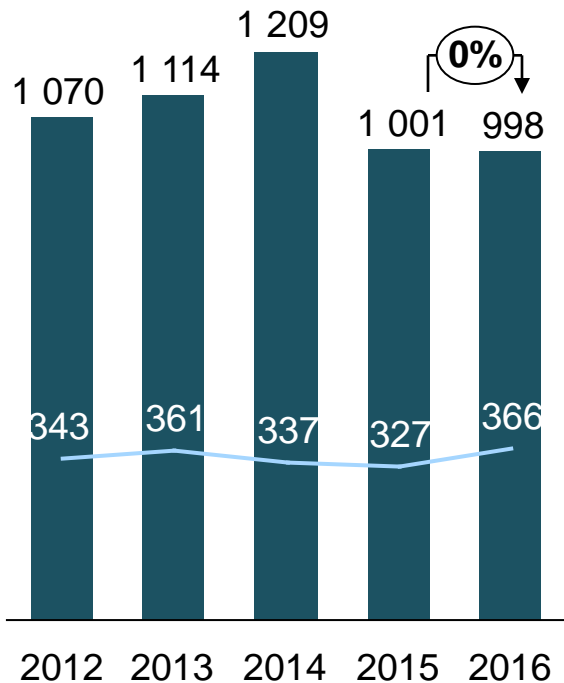
CHF million	2016	2015
Net profit	42.7	49.8
Interest expense (net)	2.6	5.9
Tax expense	11.1	15.4
Depreciation and amortization	39.3	42.8
+/- Non-cash items	-2.5	-3.3
+/- Change in NWC and provisions	24.2	5.4
+/- Interest paid / received (net)	-0.8	-8.8
+/- Taxes paid	-14.4	-18.2
+/- Capital expenditure, net	-27.4	-25.6
+/- Change in other financial assets	1.5	1.6
Free cash flow	76.3	65.0

Free cash flow prior divestment positively impacted mainly by change of Networking Capital

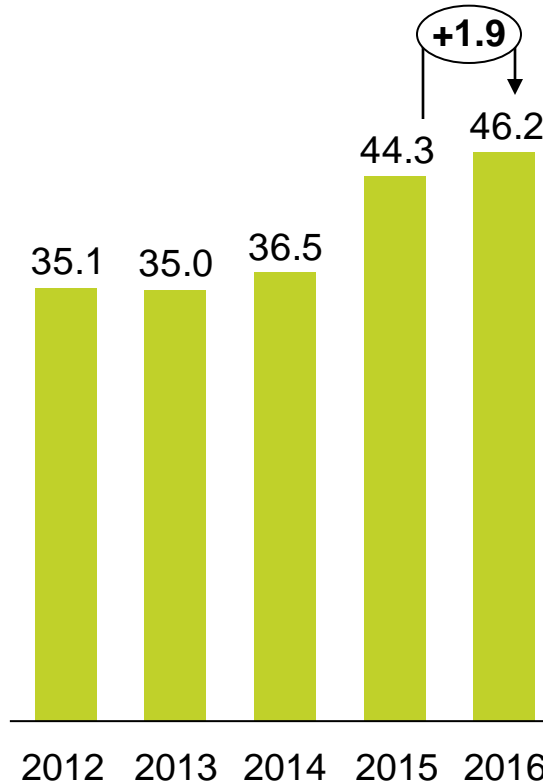
Total assets / equity / net liquidity

Continued strong generation of free cash flows since 2012

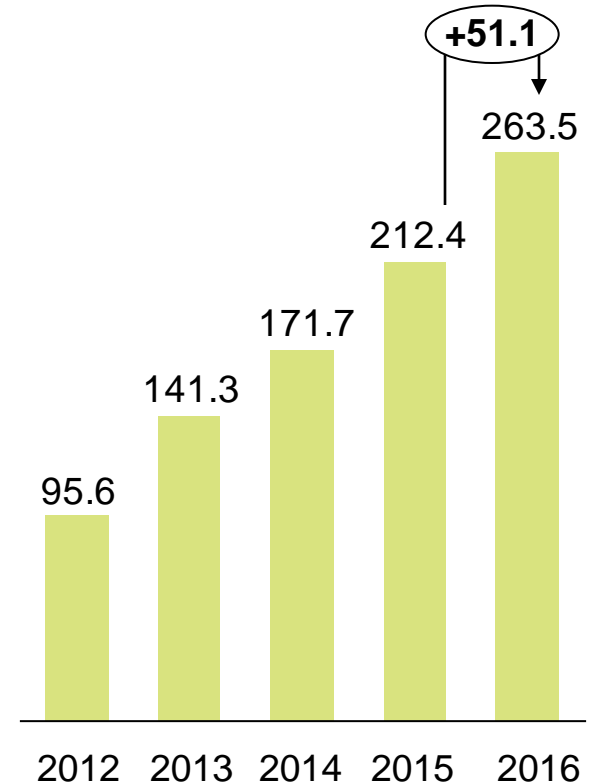
Total assets in CHF million /
cash and cash equiv. in CHF million

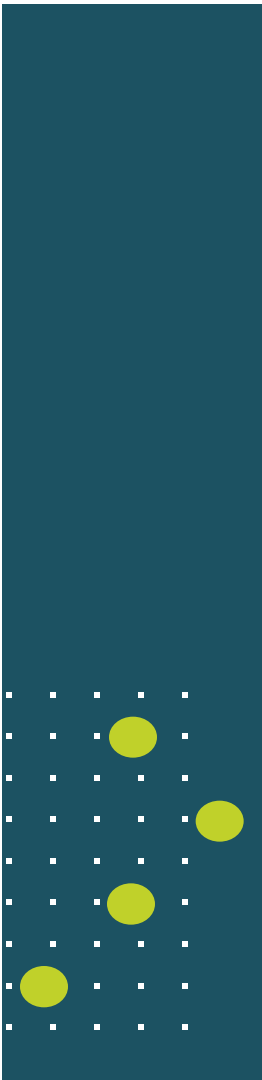


Equity in % of total assets



Net liquidity in CHF million



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Strategic focus

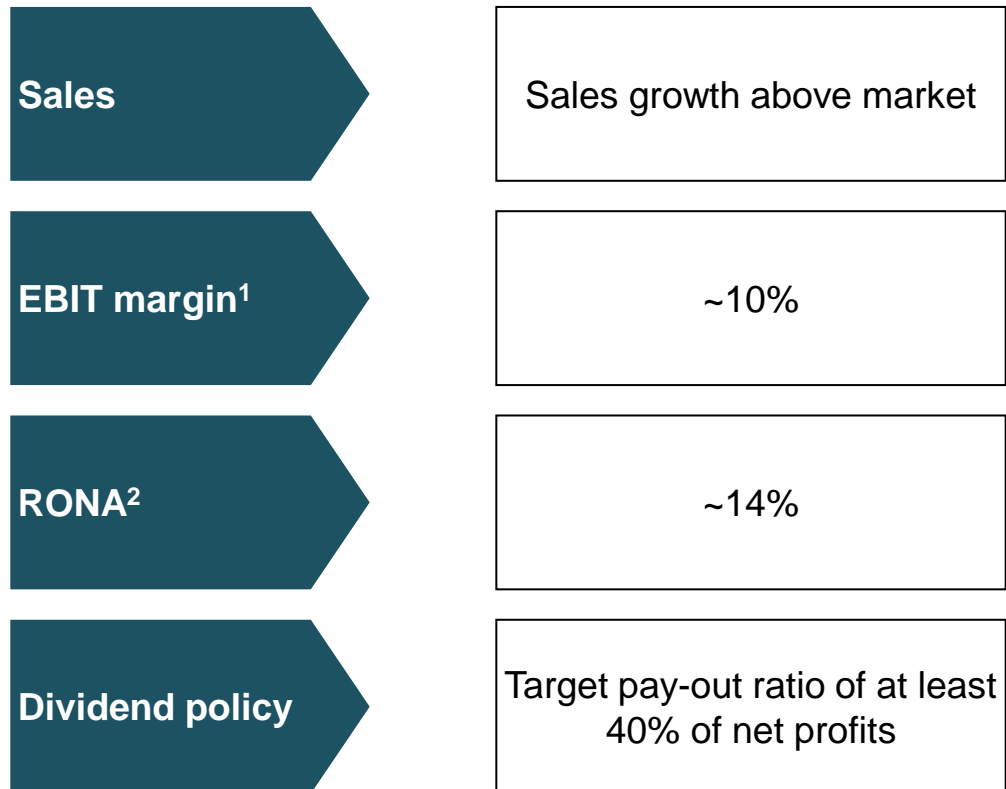


Rieter is the world's leading supplier of short staple spinning systems offering the full range of machines, parts and components

- Creating customer value through
 - system expertise
 - **innovative solutions**
 - **after sales excellence**
 - global presence
- Generating **profitable growth** and value for shareholders over the cycle
- Enabling employees to achieve superior results and to enjoy work

- In the first two months, demand for components and spare parts was stable. The order intake for new machines remained at a low level. Rieter expects sales and earnings in the first half-year to be on a par with those of the previous year, and a stronger performance in the second half-year.
- Despite low visibility in the sales markets, Rieter expects sales and profitability for 2017 to be at the level of the previous year (before restructuring costs).
- At the appropriate time, Rieter will provide information on the restructuring costs associated with the reorganization concept for the Ingolstadt site in Germany, which was announced on February 1, 2017.

Strategic focus – mid-term targets



¹ At sales of ~1.3 CHF bn

² RONA is calculated as net result before interest costs and write-off of financial assets divided by net assets excl. financial debt

Changes in Group Executive Committee and Board of Directors



Board of Directors

- Erwin Stoller has decided not to stand as a candidate for re-election as Chairman and member of the Board of Directors.
- The Board of Directors of Rieter Holding Ltd. proposes to elect
 - Bernhard Jucker as Chairman of the Board of Directors
 - Luc Tack and Carl Illi as members of the Board of Directorsat the Annual General Meeting on April 5, 2017.

Group Executive Committee

- Werner Strasser intends to retire at his own request and steps down as Head of the Components Business Group and member of the Group Executive Committee as of April 5, 2017.
- Serge Entleitner assumes responsibility for the Components Business Group and will be member of the Group Executive Committee as of April 6, 2017.

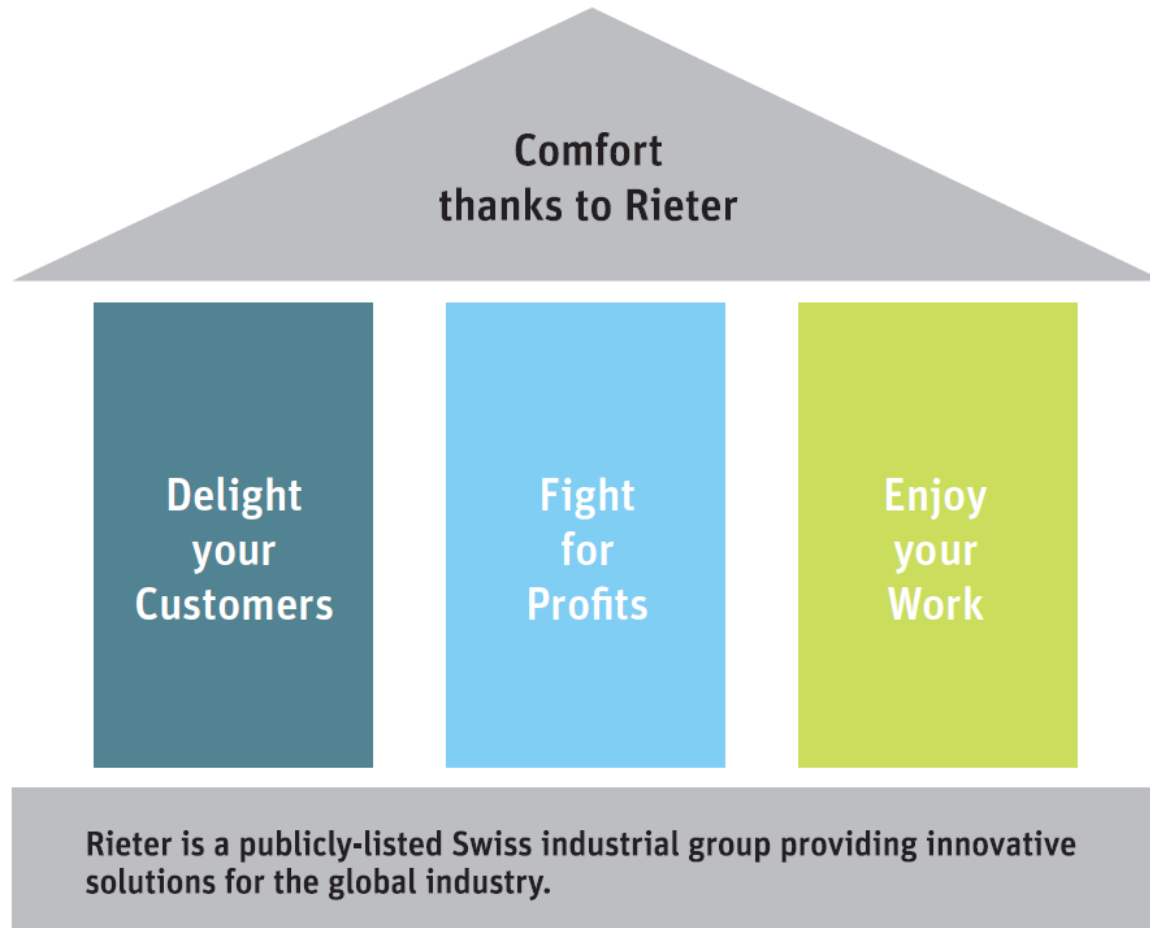
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Group Executive Committee



Dr. Norbert Klapper
Chief Executive Officer

Werner Strasser
Head Business Group
Components

Jan Siebert
Head Business Group
Machines & Systems

Carsten Liske
Head Business Group
After Sales

Joris Gröflin
Chief Financial Officer

Thomas Anwander
General Secretary
and General Counsel

Board of Directors



Michael Pieper
Member of the
Board of Directors

Peter Spuhler
Member of the
Board of Directors

Erwin Stoller
Chairman of the
Board of Directors

This E. Schneider
Vice Chairman of the
Board of Directors

Hans-Peter Schwald
Member of the
Board of Directors

Bernhard Jucker
Member of the
Board of Directors

Roger Baillod
Member of the
Board of Directors

Key data per share



Rieter registered shares of CHF 5 nominal value Bloomberg: RIEN SW; Thompson Reuters: RIEN.S	31/12/2016	30/06/2016	31/12/2015
Shares outstanding excl. own shares (end of period)	4 515 015	4 518 063	4 511 075
Average shares (of period)	4 515 861	4 515 519	4 550 650
Share price (end of period) CHF	177.10	199.40	188.00
Market capitalization (end of period) CHF million	800	901	848

Profitability improvement mid-term: 14% RONA

Second semester of 2016 with RONA of 12.2%

Net profit by half-year
(before interest cost / CHF million)

- Reduction of net working capital
- Sale of non-core assets
- Investments below D&A level

- Profitability initiatives
- Cycle management

