



Results 2019

Media and Investor Presentation, March 10, 2020

Dr. Norbert Klapper, CEO
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Agenda



01 Key Messages

02 Financial Results

03 Outlook

2019 – a year of contrast for Rieter

- Low demand for new machines in the first three quarters of 2019, resulting in sales of CHF 760 million, -29% compared to the previous year
- As a consequence, EBIT from ongoing business CHF -9.6 million, despite cost reduction implementation
- Non-recurring profit from the sale of real estate in Ingolstadt (Germany) led to an EBIT of CHF 84.9 million
- Successful introduction of innovations at ITMA 2019 in Barcelona (Spain)
- Major order intake from Cotton & Textile Industries Holding Company, Cairo (Egypt)
- Demand for new machines picking-up in the fourth quarter of 2019
- Proposed dividend of CHF 4.50 per share

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Financial Highlights 2019

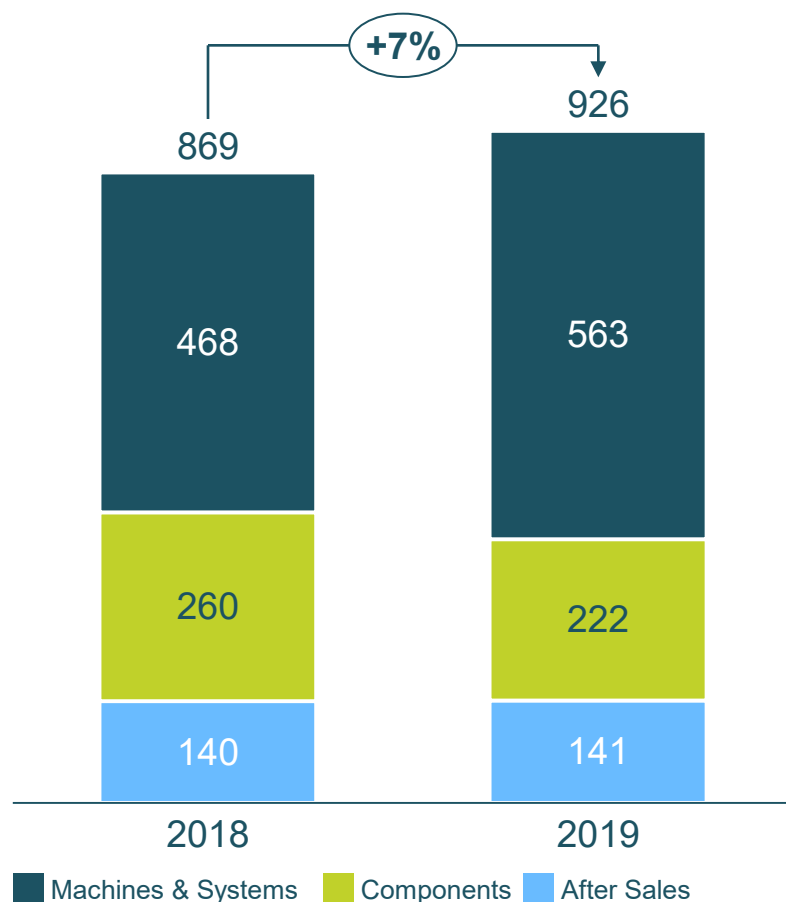


CHF million (except dividend)	2019	In % of sales	Change vs. prior year	Comments
Order intake	926.1		7%	<ul style="list-style-type: none"> Strong fourth quarter 2019 with CHF 401.6 million Book-to-bill ratio of 1.2
Sales	760.0		-29%	<ul style="list-style-type: none"> Trade conflict between USA and China, excess capacity in spinning mills, political and economic uncertainties
Gross margin	210.1	27.6%	-28%	<ul style="list-style-type: none"> Margin in % increased slightly, despite lower volume
EBITDA	123.1	16.2%	46%	<ul style="list-style-type: none"> Non-recurring profit contribution from sale of real estate in Ingolstadt (Germany) of CHF 94.5 million
EBIT	84.9	11.2%	97%	<ul style="list-style-type: none"> Low sales volume at all business groups Cost reduction measures
Net profit	52.4	6.9%	64%	<ul style="list-style-type: none"> Non-recurring profit contribution from sale of real estate in Ingolstadt (Germany) of CHF 67.2 million
Free cash flow	42.3		-33%	<ul style="list-style-type: none"> Decline in sales volume overcompensated the cash inflow from sale of real estate in Ingolstadt (Germany)
Net liquidity	162.1		8%	<ul style="list-style-type: none"> Increase by CHF 11.9 million
Dividend (proposal)	CHF 4.50 ¹ per share		-10%	<ul style="list-style-type: none"> 3.3% dividend yield (share price December 31, 2019: CHF 138.1)

¹ Motion of the Board of Directors

Order Intake by Business Group

CHF million

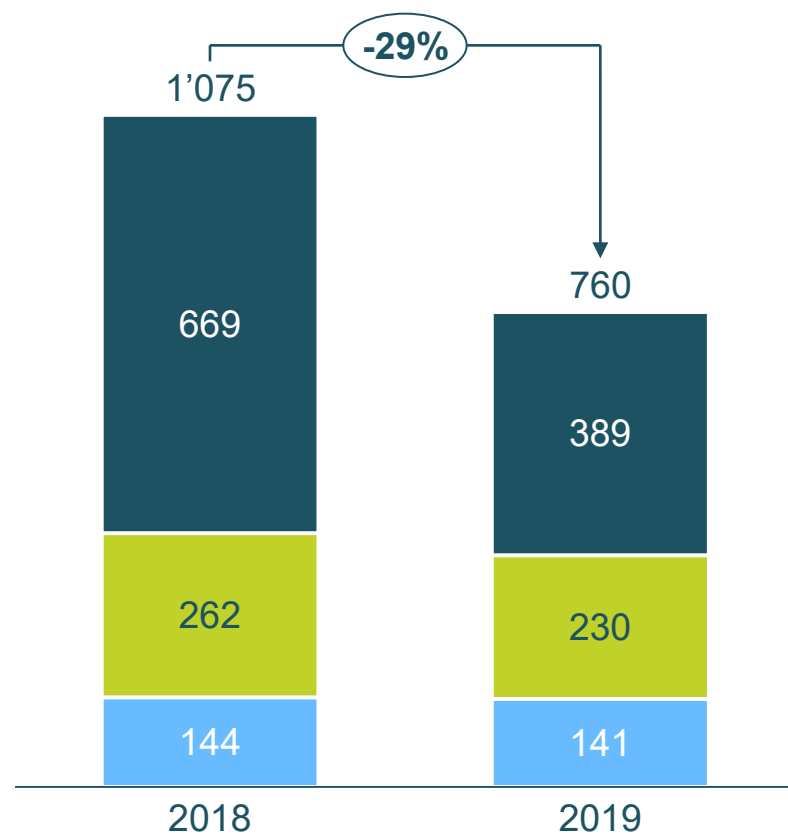


- Business Group Machines & Systems booked CHF 562.8 million (+20% vs 2018), including orders from Cotton & Textile Industries Holding Company, Cairo (Egypt)
- Business Group Components with CHF 222.0 million (-15% vs 2018) mainly due to low level of investments by customers in the Business Units SSM and Suessen
- Business Group After Sales received CHF 141.3 million (+1% vs 2018)
- At the end of 2019, the company had an order backlog of about CHF 500 million (December 31, 2018: about CHF 325 million)

Sales by Business Group

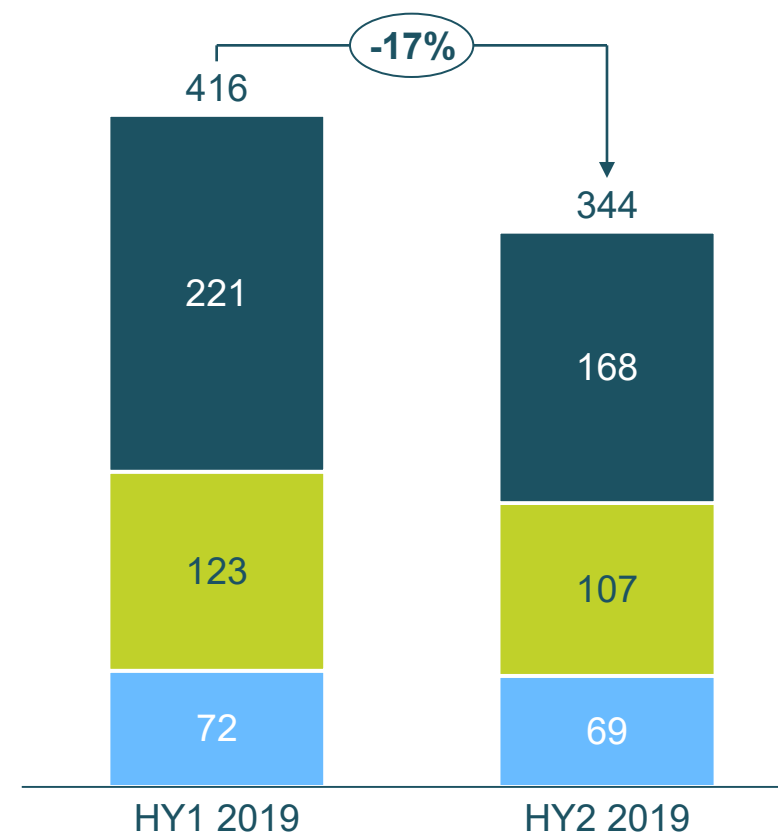
Sales at CHF 760 million due to low order intake since the fourth quarter of 2018

CHF million



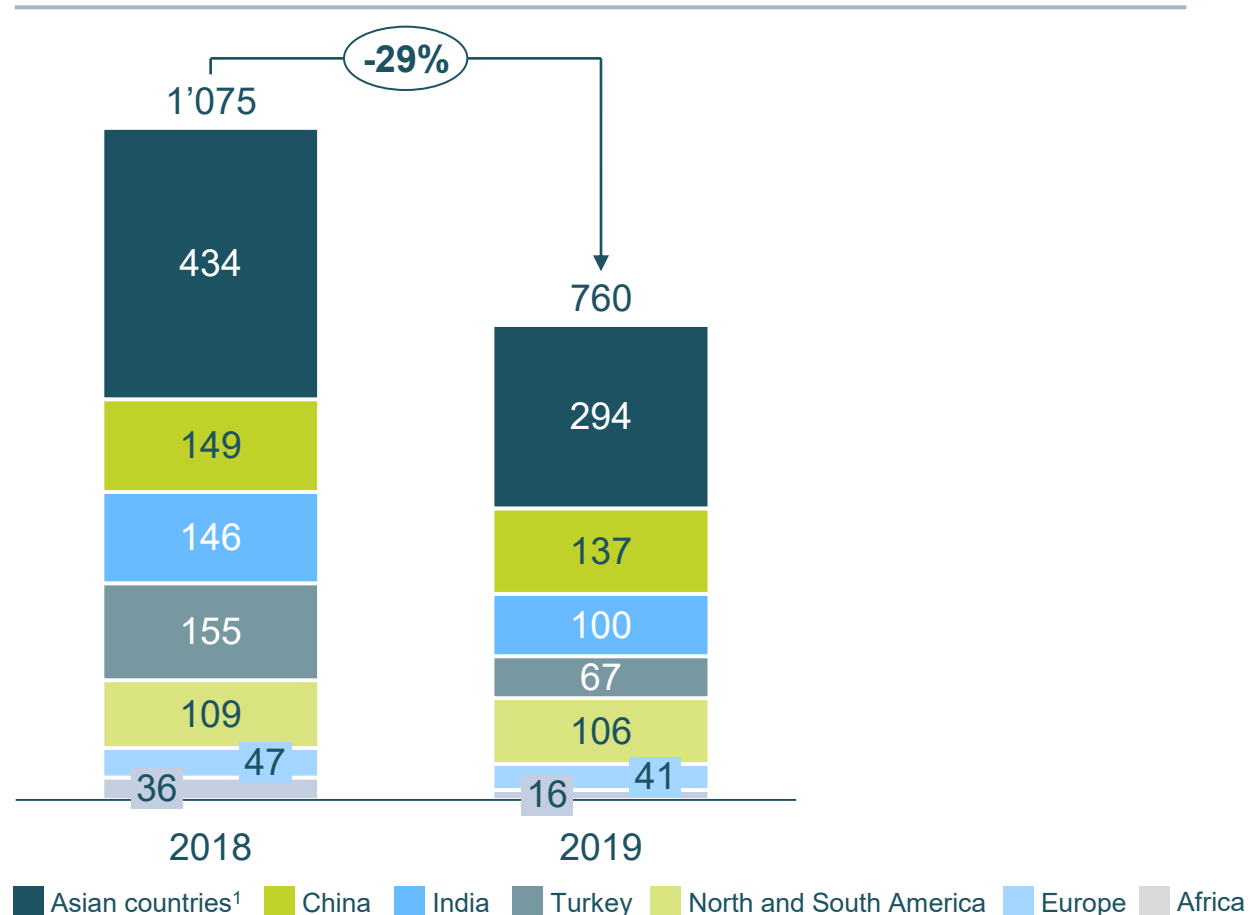
■ Machines & Systems
 ■ Components
 ■ After Sales

CHF million



Sales Development by Region

CHF million



- 2019 as a whole was characterized by the trade conflict between the USA and China, excess capacity in the spinning mills as well as political and economic uncertainties in regions of importance to Rieter
- The market situation described above is also reflected in sales in the Asian countries, in India and Turkey
- Sales in China as well as North and South America remained at the prior year level

¹ Excluding China, India, Turkey

Operating Result Business Groups



CHF million	2019	2018	Comments
Machines & Systems	-50.8	-9.7	– Decrease in operating profitability to -13.1% of sales (2018: -1.4%) due to low sales and continuation of innovation program
Components	10.7	32.5	– Decrease in operating profitability to 3.8% of segment sales (2018: 9.3%) due to low sales and deliveries to Machines & Systems while keeping capacity to ramp-up business
After Sales	23.2	21.3	– Increase in operating profitability to 16.5% of sales (2018: 14.8%) due to one-time cost in 2018
Corporate/Others	101.8	-0.9	– Increase in EBIT due to non-recurring contribution from the sale of real estate in Ingolstadt (Germany) of CHF 94.5 million
Rieter Group	84.9	43.2	
In % of sales	11.2%	4.0%	

EBIT



CHF million



Balance Sheet – Key Figures

Solid financial position at December 31, 2019 – net liquidity of CHF 162.1 million and equity ratio of 47.8%

CHF million	31/12/2019	31/12/2018
Liquid funds	285.0	257.1
Net liquidity	162.1	150.2
Net working capital	-7.5	0.3
Non-current assets	415.8	424.5
Total assets	983.0	1 002.3
Current financial debt	121.0	0.2
Non-current financial debt	1.9	106.7
Shareholders' equity	469.6	446.6
in % of total assets	47.8%	44.6%

- High net liquidity position of CHF 162.1 million
- Bond issued in 2014 (CHF 100.0 million, 2014 to 2020, 1.5%) reclassified from non-current to current financial debt
- Shareholders' equity ratio increased to by 3.2% to 47.8%

Free Cash Flow

Free cash flow amounted to CHF 42.3 million in 2019

CHF million	2019	2018
Net profit	52.4	32.0
Depreciation and amortization	38.2	40.9
+/- Change in NWC	-15.9	19.8
+/- Change in provisions	-33.5	-14.1
- Capital expenditure	-31.6	-29.2
+/- Gain on disposals of property, plant and equipment	-97.0	-1.3
+ Proceeds from sale of property, plant and equipment	109.9	11.2
+ Proceeds from assets held for sale	10.7	0
+/- Others	9.1	4.3
Free cash flow (before acquisition)	42.3	63.6

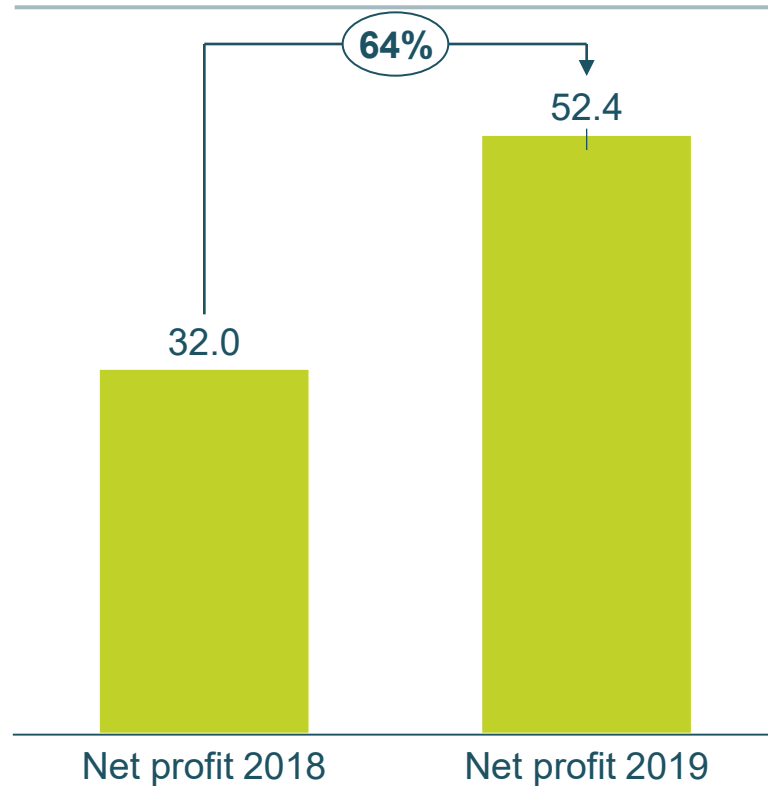
Free cash flow was mainly driven by the following effects:

- Decline in sales volume
- Sale of real estate in Ingolstadt (Germany)
- Change in net working capital and provisions
- Disciplined investment policy

Net Profit and Dividend Proposal

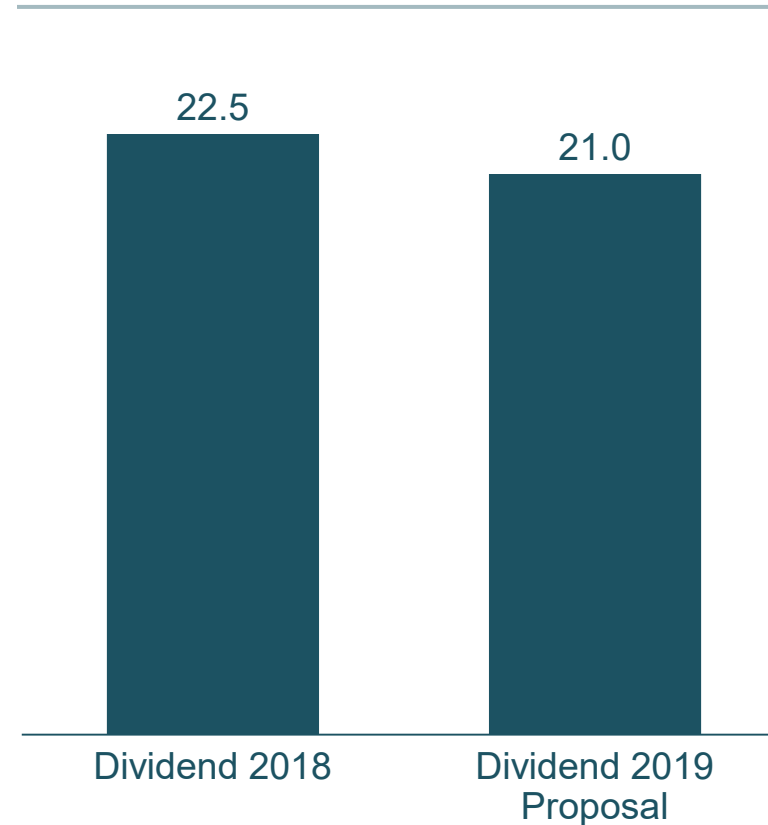
The Board of Directors proposes a dividend of CHF 4.50 per share

CHF million



In % of sales	3.0%	6.9%
EPS in CHF	7.07	11.65

CHF million

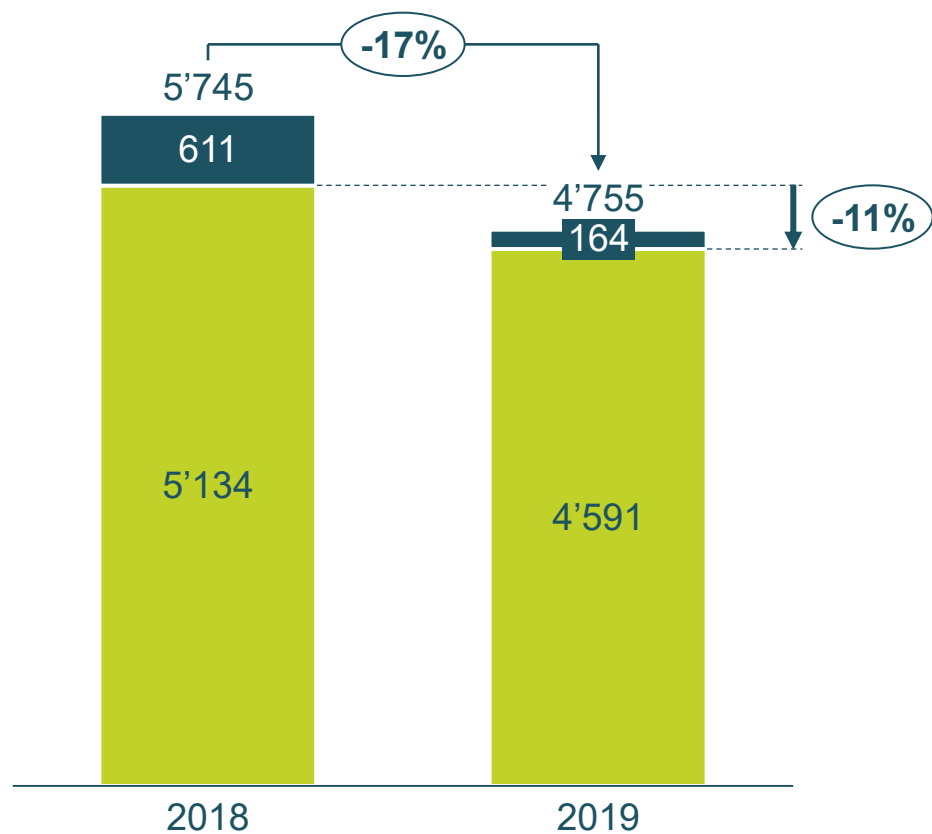


Dividend per share	CHF 5.00	CHF 4.50
Dividend yield	3.9%	3.3%

Changes in Workforce

Decrease in workforce mainly a result of the low volumes and cost saving measures in 2019

FTE¹



■ Temporaries ■ Permanent

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

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Market Sentiment in 4th Quarter 2019 Continued in 2020



Market sentiment by country

Asian countries 

– Uzbekistan

– Pakistan

– Bangladesh

– Others

China 

India 

Turkey 

North and South America 

Europe 

Africa 

Cotton & Textile Industries Holding Company, Cairo (Egypt)

Cotton & Textile Industries Holding Company signed contracts related to the modernization program for the Egyptian textile industry:

- Total volume of contracts sums up to around CHF 210 million, including contracts signed at ITMA 2019 in Barcelona
- Rieter expects full amount of orders to be booked as order intake in the first half year of 2020; so far, CHF 165 million have been booked
- Figure includes delivery of ring-, compact- and rotor-spinning systems, including installation services



The world's largest spinning mill will be built in Mehalla (Egypt)

Rieter CAMPUS Winterthur

- Rieter applied for a building permit for the Rieter CAMPUS at the end of 2019
- The Rieter CAMPUS comprises a new Customer and Technology Center as well as an administration building
- The Board of Directors of Rieter Holding Ltd. has decided to start construction work on the Rieter CAMPUS provisionally during 2020, provided that the legally building permit is issued in good time



Exhibition ITM in Istanbul, June 2-6, 2020

RIETER



- As already reported, Rieter expects sales and earnings in the first half of 2020 to be significantly below the prior year level
- The positive market sentiment in the fourth quarter of 2019 has continued in the first two months of 2020; hence sales and operating results in the second half of 2020 are expected to be above the prior-year level
- The capacity adjustment program announced in January 2020 is proceeding according to plan
- The effects of the Covid-19 virus, which cannot be definitively determined at the present time, will be relevant for the year as a whole. Rieter has taken the appropriate precautions to protect employees and to keep the promises made to customers wherever possible

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Appendix

Order Intake by Business Group

CHF million (unaudited)	2019	2018	Difference	Difference in local currency
Rieter	926.1	868.8	7%	7%
Machines & Systems	562.8	468.3	20%	21%
Components	222.0	260.1	-15%	-14%
After Sales	141.3	140.4	1%	1%

CHF million (unaudited)	HY2 2019	HY1 2019	Difference	Difference in local currency
Rieter	547.8	378.3	45%	46%
Machines & Systems	366.6	196.2	87%	88%
Components	106.2	115.8	-8%	-7%
After Sales	75.0	66.3	13%	14%

Sales by Business Group

CHF million	2019	2018	Difference	Difference in local currency
Rieter	760.0	1 075.2	-29%	-29%
Machines & Systems	389.0	669.3	-42%	-42%
Components	230.2	262.3	-12%	-11%
After Sales	140.8	143.6	-2%	-2%

CHF million (unaudited)	HY2 2019	HY1 2019	Difference	Difference in local currency
Rieter	343.9	416.1	-17%	-16%
Machines & Systems	168.2	220.8	-24%	-23%
Components	106.9	123.3	-13%	-12%
After Sales	68.8	72.0	-4%	-3%

Sales by Regions



CHF million	2019	2018	Difference	Difference in local currency
Rieter	760.0	1 075.2	-29%	-29%
Asian countries ¹	293.5	433.9	-32%	-32%
China	136.7	148.6	-8%	-6%
India	99.9	146.2	-32%	-31%
Turkey	66.8	154.8	-57%	-57%
North and South America	105.8	108.6	-3%	-3%
Europe	41.2	47.3	-13%	-12%
Africa	16.1	35.8	-55%	-55%

¹ Excluding China, India, Turkey

Change in Sales



CHF million	Machines & Systems	Components	After Sales	Rieter
Sales 2018	669.3	262.3	143.6	1 075.2
Volume and price	-278.2	-29.3	-2.5	-310.0
Currency translation	-2.1	-2.8	-0.3	-5.2
Sales 2019	389.0	230.2	140.8	760.0

Financial Key Figures



CHF million	FY 2019	HY2 2019	HY1 2019	FY 2018
Order Intake	926.1	547.8	378.3	868.8
Sales	760.0	343.9	416.1	1 075.2
EBITDA	123.1	104.8	18.3	84.1
EBITDA margin (of sales)	16.2%	30.5%	4.4%	7.8%
EBIT	84.9	86.1	-1.2	43.2
EBIT margin (of sales)	11.2%	25.0%	-0.3%	4.0%
Net profit	52.4	56.2	-3.8	32.0
R&D expenditures	53.2	26.7	26.5	51.9
Capital expenditure	31.6	19.6	12.0	29.2
Free cash flow (before acquisitions and divestments)	42.3	65.7	-23.4	63.6

Net Working Capital

CHF million	31/12/2019	31/12/2018
Inventories	182.9	186.6
Trade receivables	68.2	80.2
Other current receivables	31.1	53.9
Trade payables	-68.9	-96.3
Advance payments	-69.3	-58.6
Other current liabilities	-151.5	-165.5
Net working capital	-7.5	0.3

Return on Net Assets (RONA)

RONA of 10.0% in 2019

CHF million	31/12/2019	31/12/2018	2019	Change
Liquid funds	285.0	257.1		+27.9
Inventories and receivables	282.2	320.7		-38.5
Non-current assets	415.8	424.5		-8.7
Total assets	983.0	1 002.3		-19.3
Current liabilities (excl. debt)	-289.7	-320.4		+30.7
Non-current liabilities (excl. debt)	-100.8	-128.4		+27.6
Net assets (excl. debt)	592.5	553.5	571.7¹	+39.0
Net profit 2019			52.4	
Interest cost 2019			4.7	
Net profit before interest cost 2019			57.1	
RONA 2019 in %			10.0%	

¹ 12 month average

Key Data by Share

Rieter registered shares of CHF 5 nominal value Bloomberg: RIEN SW, Thompson Reuters: RIEN.S		31/12/2019	30/06/2019	31/12/2018
Shares outstanding excluding own shares (end of period)		4 514 331	4 496 338	4 480 956
Average shares (of period)		4 496 460	4 489 378	4 514 846
Share price (end of period)	CHF	138.1	148.6	128.8
Market capitalization (end of period)	CHF million	623	668	577

Financial Calendar



Annual General Meeting 2020

April 16, 2020

Semi-Annual Report 2020

July 16, 2020

Publication of sales 2020

January 27, 2021

Deadline for proposals regarding the agenda of the Annual General Meeting

February 19, 2021

Results press conference 2021

March 9, 2021

Annual General Meeting 2021

April 15, 2021