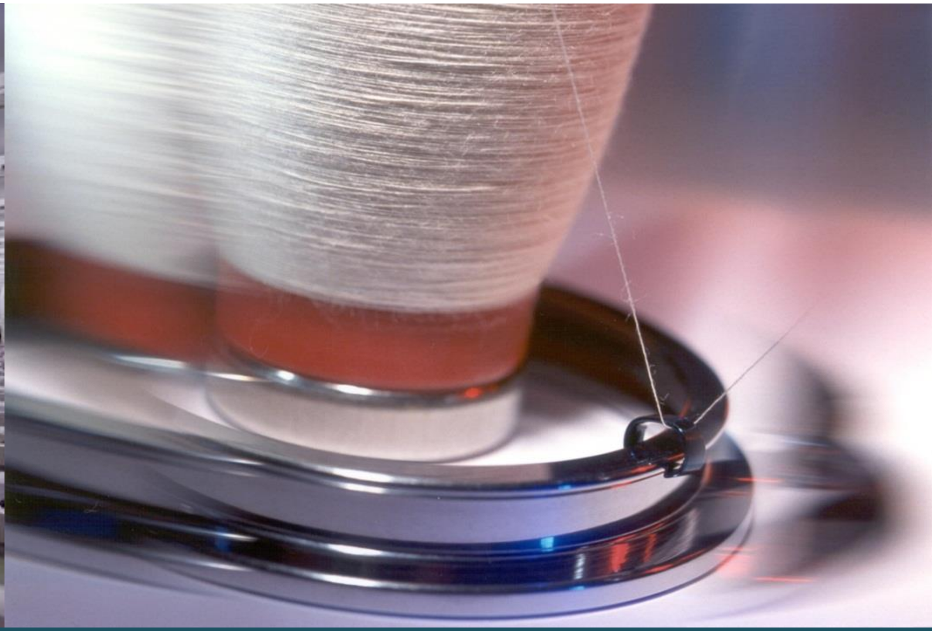

Results 2012
Media / investor presentation

Agenda

1. Introduction and summary of 2012
2. Financial results 2012
3. Strategic focus
4. Outlook

2012: Key messages today

“Rieter has strengthened its **market position** in a challenging market environment and is on track with its investment program. Despite cyclically weaker **sales** and lower **profitability**, Rieter continues the policy of paying cash dividends – a **dividend of 2.50 CHF** per share has been proposed for 2012.”

Erwin Stoller

Executive Chairman

Rieter – Highlights 2012

Market position strengthened – investment program on track

Market development

- Market environment improved slightly with stabilized positive spinning mills margins
- Indian market improved in the north, Turkey and other large markets improved slightly, China was still hesitant due to locked-in raw material prices
- Financing for projects in China and India remained an issue

Strategic / operational

- Market position strenghtened in a challenging market – product portfolio well positioned
- Sales in China increased y-o-y by 27% to 192.5 million CHF
- Successful fairs in Turkey, China and India held
- New Comber E 80 and component innovations presented

Investment program

- Program on track – half-way milestones passed
- Expansion in Asia: Construction in Pune (IN) completed, Changzhou (CN) partly operational
- Airjet introduction ongoing
- Process improvements proceed along plan

Financial

- Sales decreased by 16% to 888.5 million CHF. Order intake with 839.7 million CHF decreased by 12% but showed increase in second half-year
- Lower EBIT margin of 3.8% of sales due to volume, strategic projects and product mix
- Net profit of 3.0% of sales leads to EPS of 6.40 CHF and a dividend proposal of 2.50 CHF out of reserves from capital contributions (dividend yield: 1.6%)

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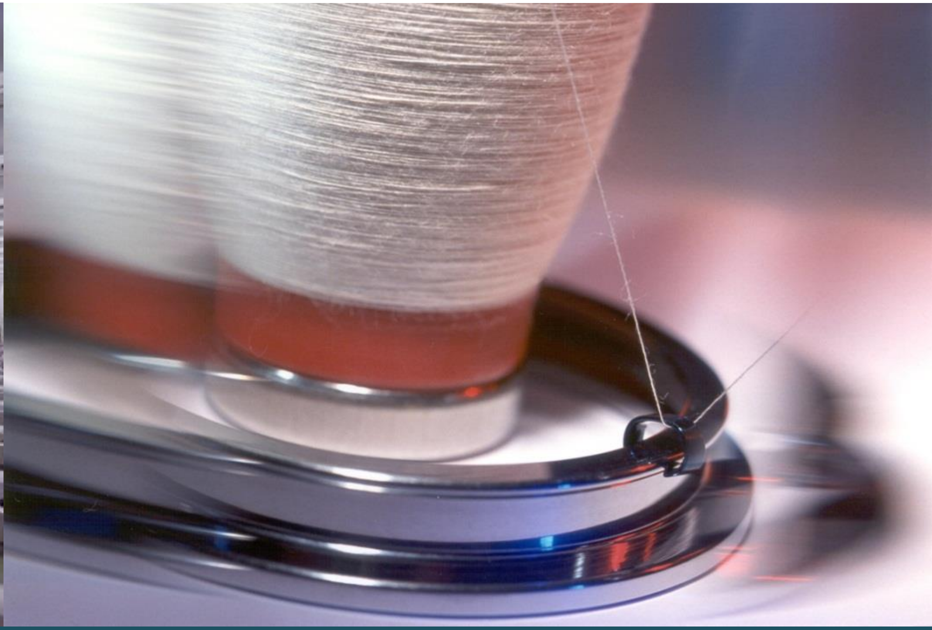


Financial Results 2012

Rieter – Financial highlights 2012

Lower sales and EBIT as expected – dividend of 2.50 CHF per share

Orders received	• Order intake in 2012 of 839.7 million CHF with improvement in second half-year • Order backlog at around 550 million CHF
Sales	• Sales were lower by 16% at 888.5 million CHF with weaker second half-year • Spun Yarn Systems decreased by 16%, Premium Textile Components by 19%
Profitability	• EBIT margin at 3.8% of sales with weaker result (break-even) in second half-year • Spurn Yarn Systems at 4.2% of sales, Premium Textile Components at 6.9% of sales
Net profit	• Net profit margin at 3.0% of sales • Return on net assets (RONA) at 6.7%
Investments / Innovation	• Capital expenditures increase to 81.6 million CHF driven by investment program • Intensified R&D leading to increase by 8% to 42.7 million CHF (or 4.8% of sales)
Free cash flow	• Free cash flow of -32.3 million CHF as a result mainly of intense investment activity • Net liquidity at solid 95.6 million CHF
Dividend policy	• Earnings per share of 6.40 CHF • Dividend of 2.50 CHF per share from reserves from capital contributions proposed

Rieter – Financial key figures

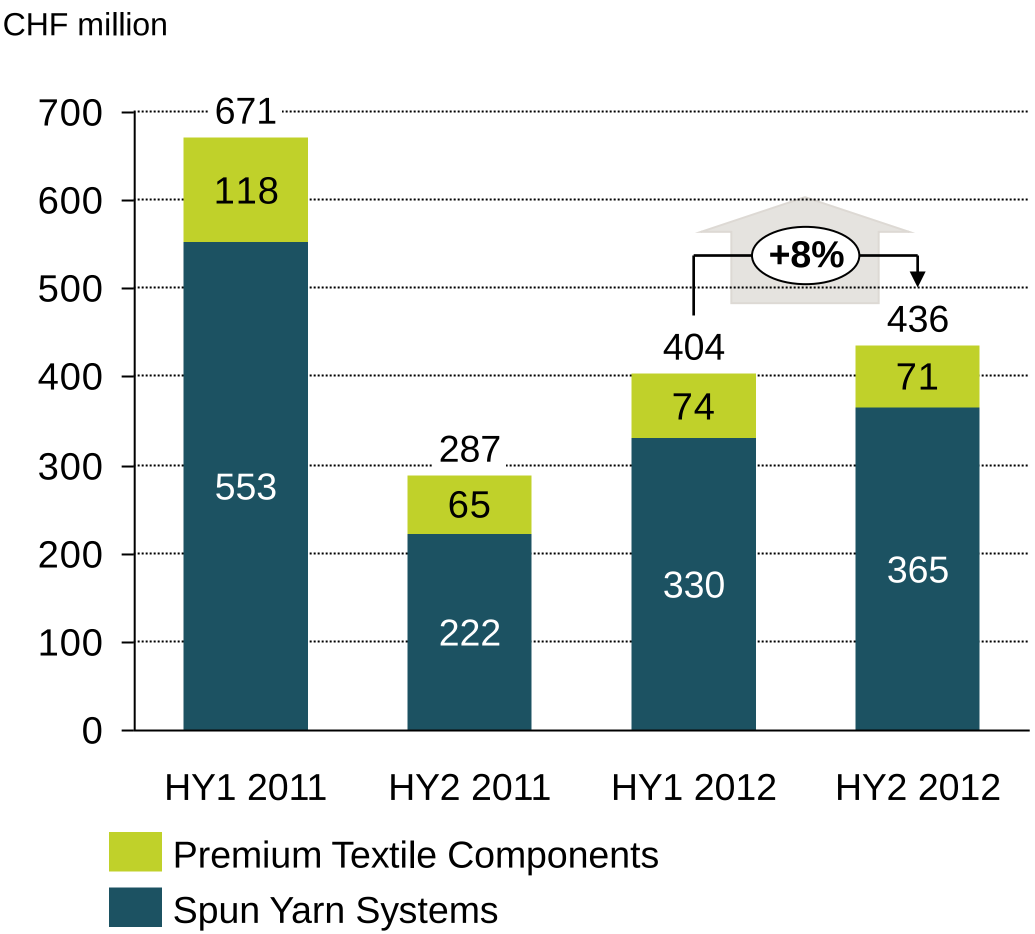
Book-to-bill ratio turned positive in second semester of 2012

CHF million	FY 2012	HY2 2012	HY1 2012	FY 2011
Order Intake (1)	**839.7**	435.6	404.1	958.3
Sales	**888.5**	401.2	487.3	1060.8
EBITDA	**66.8**	18.7	48.1	146.5
EBIT (2)	**33.6**	1.6	32.0	112.6
EBIT margin (of sales)	**3.8%**	0.4%	6.6%	10.6%
Net profit (3)	**26.5**	4.6	21.9	119.0
R&D expenditures	**42.7**	21.8	20.9	39.5
Capex (4)	**81.6**	57.3	24.3	57.3

(1) Including cancellations of 60 million CHF in 2012 (2011: 113 million CHF)
(2) Including strategic project costs of 25.3 million CHF in 2012
(3) Including gain from sale of assets of 17.6 million CHF (2011: 47.3 million CHF)
(4) Including investments for strategic projects of 51.6 million CHF

Orders by business group

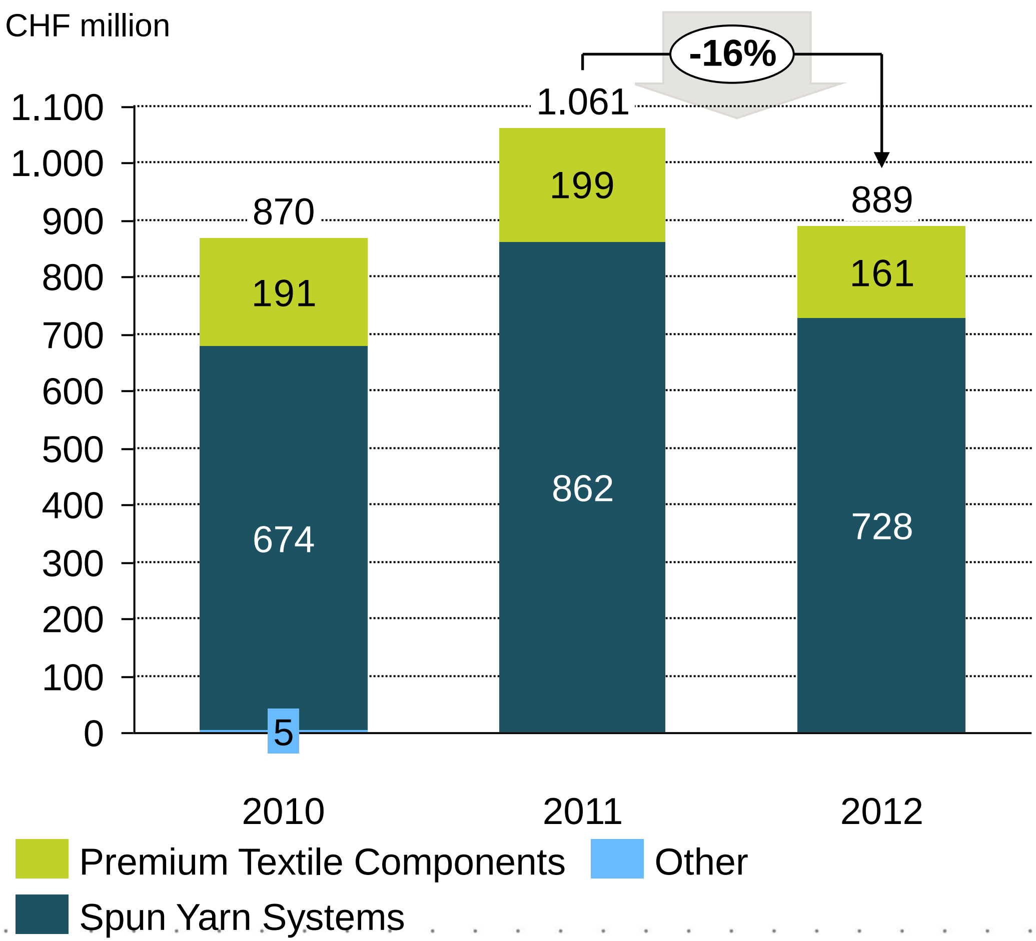
12% lower orders received than 2011, but HY2 up 8% versus HY1 2012



- Orders received included cancelations of 60 million CHF
- Decline in FY 2012 less pronounced at Spun Yarn Systems
  SYS: -10% (local currency -11%)
  PTC: -21% (local currency -20%)
- Decrease at PTC mainly due to weaker demand from Chinese and Indian machinery manufacturers
- Order backlog at around 550 million CHF at year-end

Sales by business group

Sales declining by 16% to 888.5 million CHF with lower second half-year 2012



- Decline in both business groups:

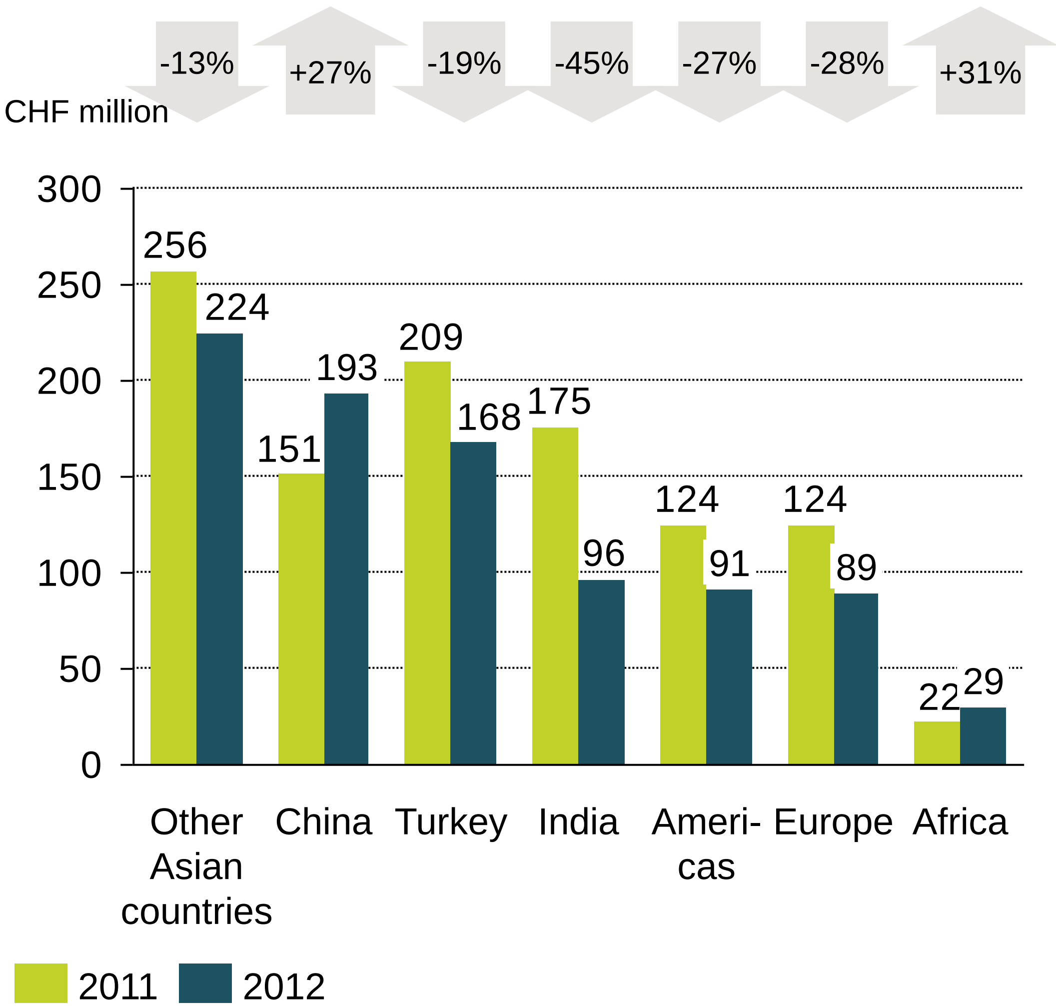
  SYS: -16% (local currency -16%)
  PTC: -19% (local currency -18%)

- Downturn more pronounced in the second half of 2012

- Heterogeneous development across the regions – business group Spun Yarn Systems with substantial increase in sales in China compared to the previous year

Sales development by region

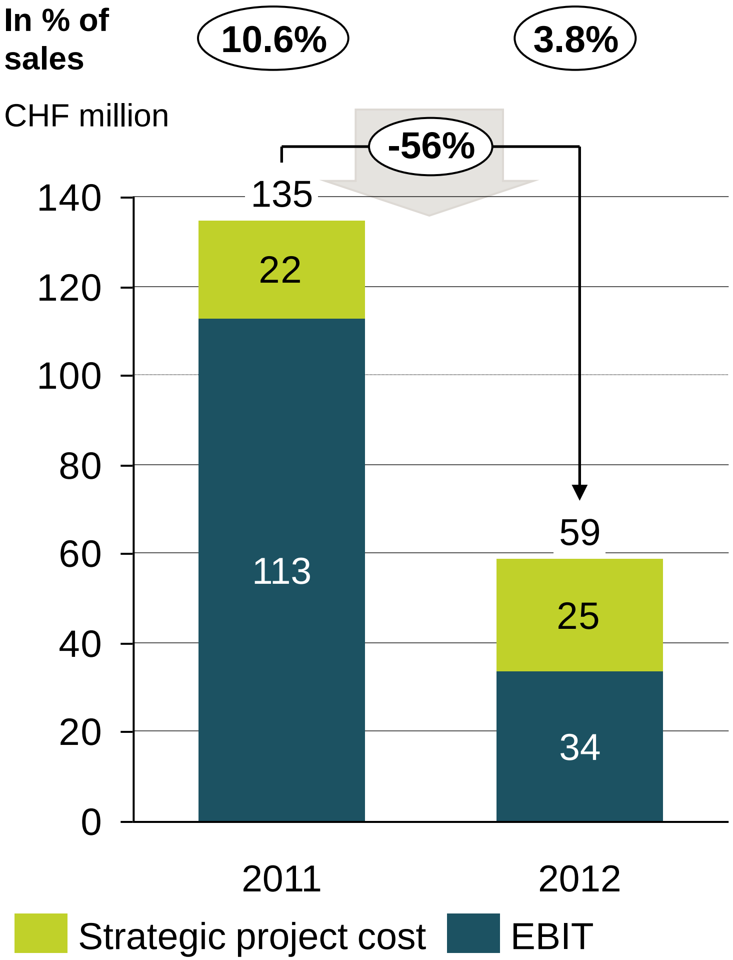
Sales increase in China helped to mitigate cyclical decline in sales



- Substantial increase in sales to China
- Share of sales to China increased to 21.7% (2011: 14.2%)
- Lower sales to main markets India and Turkey
- Share of sales to India decreased to 10.8% (2011: 16.5%)
- Continued increase of share of sales to Asia to 76.6% (2011: 74.6%)
- Overall, Rieter reinforced its market position in 2012

Operating result (EBIT)

EBIT margin decreased to 3.8%



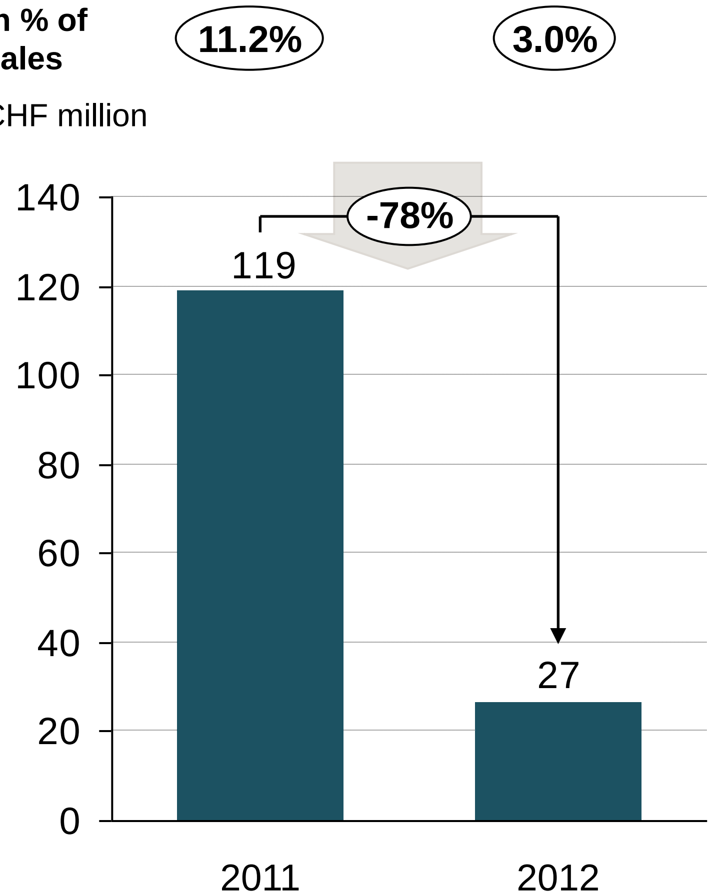
- EBIT decreased by 70% to 33.6 million CHF in 2012 (incl. Strategic projects cost: - 56%)
- Profitability mainly impacted by
  - Continued volume decrease in the profitable components business (PTC) as well as in the machine business (SYS)
  - Margin decrease in the machine business due to less demand for products with higher profitability and continued pricing pressure due to cycle and exchange rate (Swiss franc denominated sales)
- Continuation of investment program despite volume down-turn led to strategic project cost of 25.3 million CHF
- Disposal gain of 6.0 million CHF from sale of two Czech production sites

Net profit (continued operations) and RONA

Net profit margin at 3.0% despite strong EBIT decrease

In % of sales

CHF million

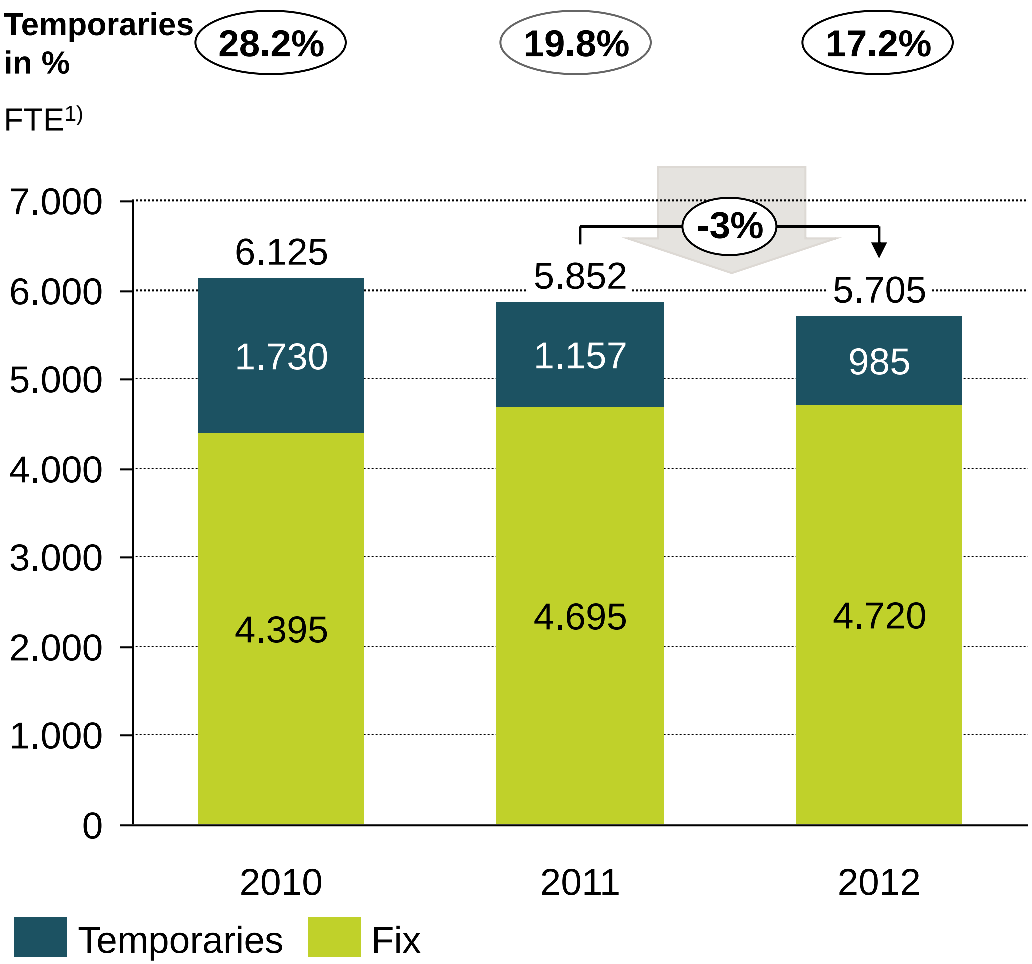


	2011	2012
EPS in CHF	**25.86**	**6.40**
RONA in %	**19.8%**	**6.7%**

- Sale of LMW and LRT shares contributed 17.6 million CHF (2011: 47.3 million CHF) to net profit from continued operations
- Financial result mainly impacted by interest cost on 2015 bond
- Tax rate at 24.5%
- Earnings per share from continued operations decreased to 6.40 CHF
- Board of Directors proposes a dividend of 2.50 CHF per share out of the reserve from capital contributions (dividend yield of 1.6%)

Changes in workforce

Total workforce reduced by 3% through reduction in temporaries



1) Excluding apprentices, including temporary employees

- Decrease in sales has been followed by reduction of workforce in particular through significantly lower temporaries
- Disposal of Czech production facilities reduced depth of manufacturing and personnel
- Fix personnel build-up due to increase in China and India
- Hiring freeze initiated in second half year in 2011 for indirect personnel in Europe was ongoing in 2012

Balance sheet

Net liquidity decrease to 95.6 million CHF and equity ratio stable at 35%

CHF million	**31.12. 2012**	30.06. 2012	31.12. 2011
Total assets	**1070.1**	1061.7	1111.4
Non-current assets	**356.3**	325.5	322.0
Net working capital	**62.0**	85.2	53.3
Liquid funds	**351.9**	362.3	415.6
Net liquidity	**95.6**	107.4	159.0
Short-term financial debt	**6.7**	6.7	3.1
Long-term financial debt	**249.6**	248.2	253.5
Shareholders’ equity	**376.8**	373.8	387.7
in % of total assets	**35%**	35%	35%

- Net liquidity of 95.6 million CHF mainly impacted by negative free cash flow of -32.3 million CHF and dividend of -27.7 million CHF paid out in April 2012
- Shareholders‘ equity ratio at stable 35%
- Bond of 250.0 million CHF (2010 – 2015, 4.5%) secures financing of business development
- Authorized capital of 500,000 shares approved in AGM 2012 allowing timely execution of corporate development

Net working capital

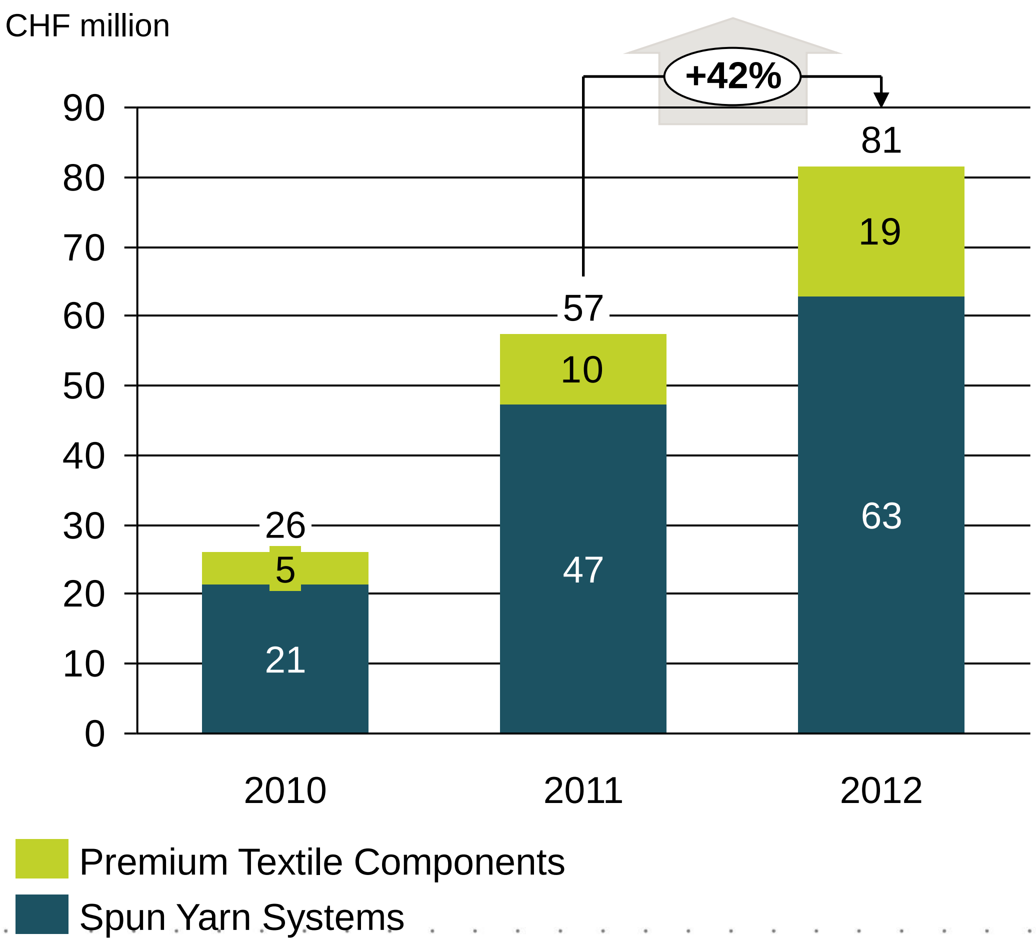
Net working capital with slight increase to 62.0 million CHF

CHF million	**31.12. 2012**	30.06. 2012	31.12. 2011
Inventories	**229.3**	208.7	234.8
Trade receivables	**91.1**	121.9	84.1
Other receivables	**41.5**	43.3	54.9
Trade payables	**-97.3**	-72.4	-86.4
Advance payments	**-79.8**	-74.8	-89.8
Other current liabilities	**-122.8**	-141.5	-144.3
Net working capital	**62.0**	85.2	53.3

- Postponements of deliveries led to higher inventories at year-end
- Significant reduction of trade receivables compared to half-year 2012
- Advance payments from customers continue to partially finance inventories

Capital expenditures

Capital expenditures mainly driven by expansion in China and India



- Capital expenditure for investment program 2012 / 2013 amounts to 51.6 million CHF
- Maintenance capital expenditure at 30.0 million CHF (3.4% of sales)

Free cash flow (continuing operations)

Free cash flow of -32.3 million CHF as a result of high investments

CHF million	**2012**	2011
Net profit	**26.5**	119.0
Interest and tax expense (net)	**22.2**	29.2
Depreciation and amortization	**33.2**	33.9
+/- Reversal of disposal gains	**-39.2**	-53.5
+/- Change in net working capital	**-5.8**	-17.5
+/- Interest paid / received (net)	**-9.9**	-7.3
+/- Taxes paid	**-17.7**	-23.4
+/- Capital expenditure, net	**-75.9**	-53.6
+/- Change in other financial assets	**-0.7**	0.5
+/- Sale LMW shares / divestments	**35.0**	52.2
Free cash flow	**-32.3**	79.5

- Negative free cash flow of -32.3 million CHF (2011: 79.5 million CHF)
- Further sale of LMW and LRT shares and divestment of Czech production facilities contributed further 35.0 million CHF to free cash flow
- Main impact on free cash flow from high investments due to investment program 2012 / 2013

Spun Yarn Systems 2012

Leading systems supplier in the spinning process

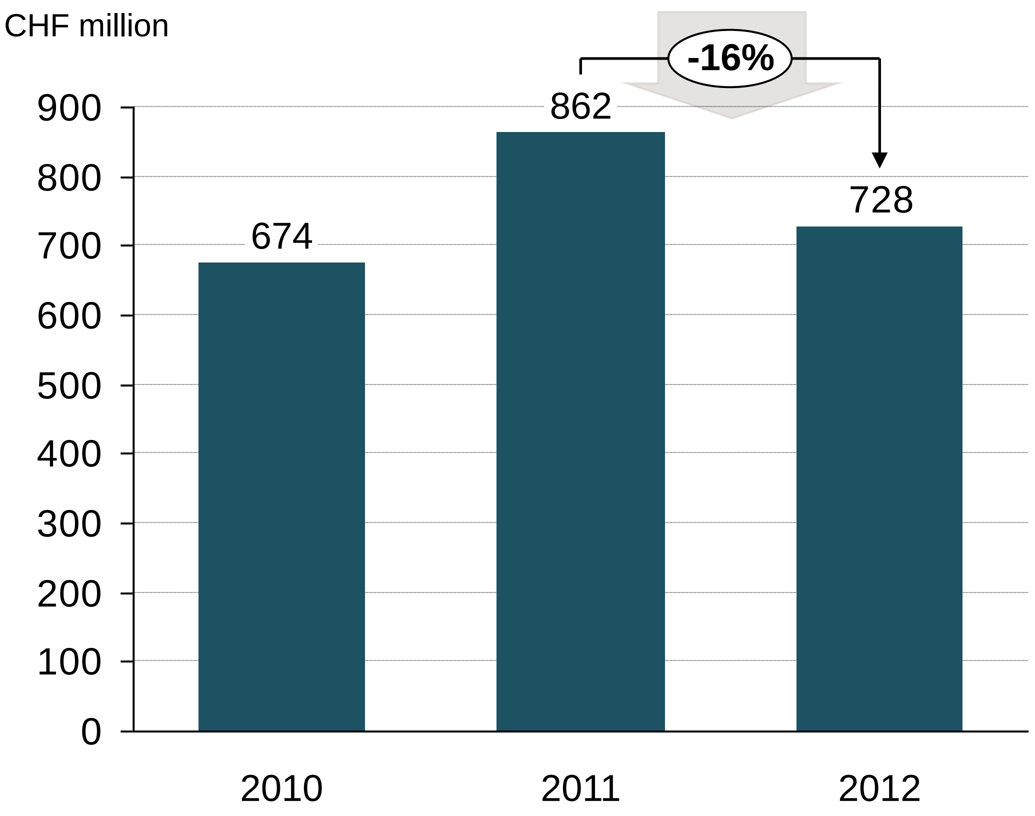
Brand:

CHF million	**2012**	2011	2010
Order intake	**695.0**	775.0	1217.9
Sales	**727.6**	861.7	674.0
EBIT	**30.5**	81.2	42.4

- **Customers / regions:** Spinning mills in Turkey, India, China, South East Asia, North and Latin America, Africa
- **Market size:** ~2,800 million CHF (2010)
- **Product offering**: Short staple spinning systems and machinery for natural and man-made fibers: Blowroom, Card, Drawframe, Comber, Flyer, Ring spin, Rotor spin, Compact spin, Airjet spin
- **Global sales and service presence** in all yarn producing countries through own sales force or agents with **production facilities** in Switzerland, Germany, Czech Republic, China and India
- **Main competitors:** Trützschler, Murata, OC Oerlikon, LMW, Jingwei,
- **Growth drivers:** Population and GDP growth drives demand in fibers and yarn; Trend to increasing yarn quality, fineness and automation; Replacement of existing installed capacity

Spun Yarn Systems: Sales

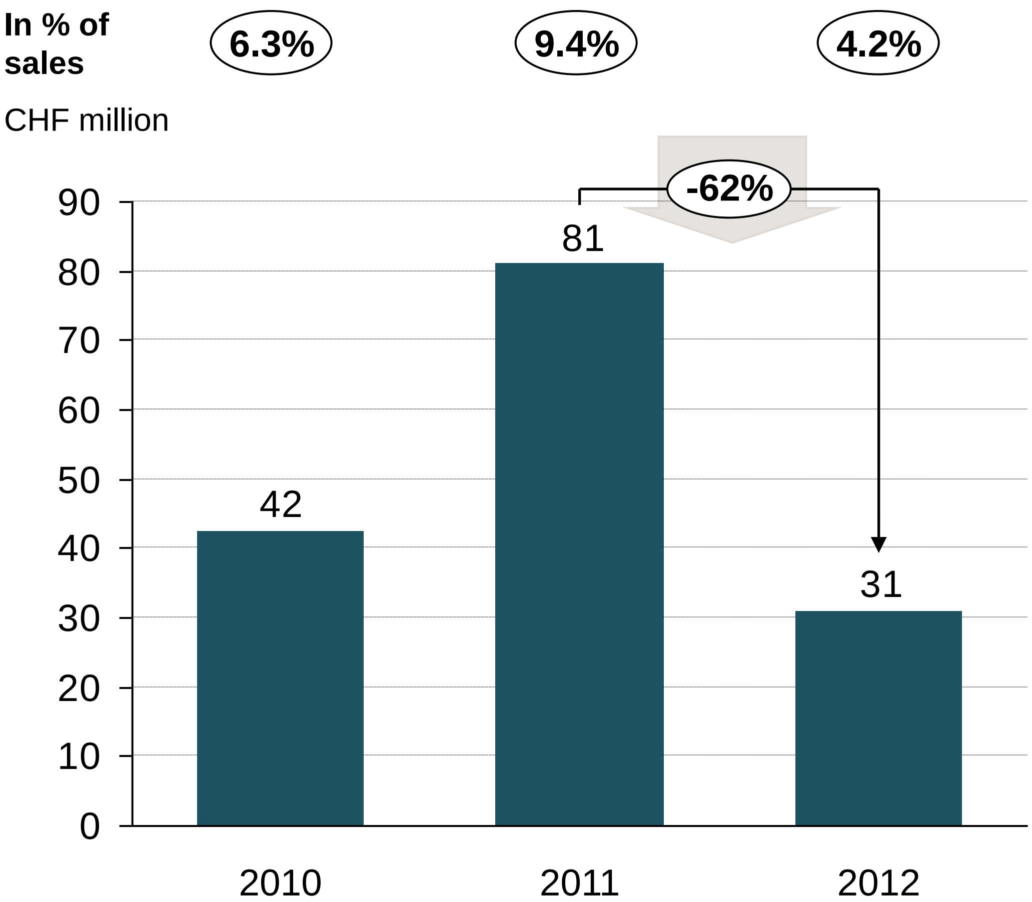
Cyclical decrease of sales by 16%



- Sales declined by 16% mainly in the second half-year due to
  - Lower order intake in the first semester
  - Postponement of deliveries into 2013

Spun Yarn Systems: Operating result (EBIT)

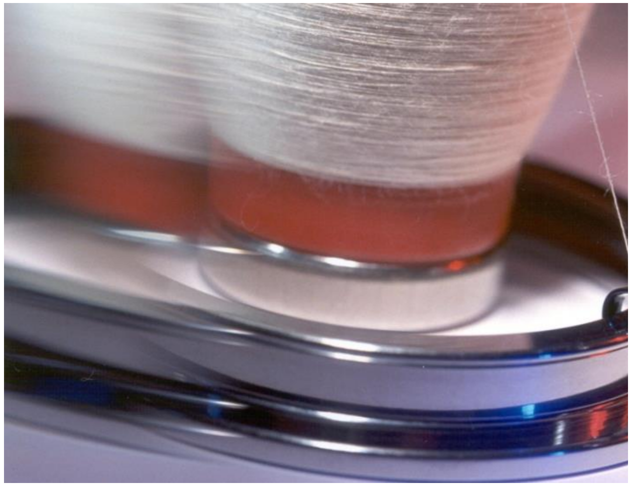
EBIT decreased to 30.5 million CHF or 4.2% of sales



- EBIT declined to 30.5 million CHF
- Main drivers for decline were lower volume, a product mix with less favorable margins and lower spare parts sales
- Additionally, majority of strategic project costs were charged to Spun Yarn Systems

Premium Textile Components 2012

Leading supplier of premium textile components



Brands:

Bräcker

Novibra

Suessen

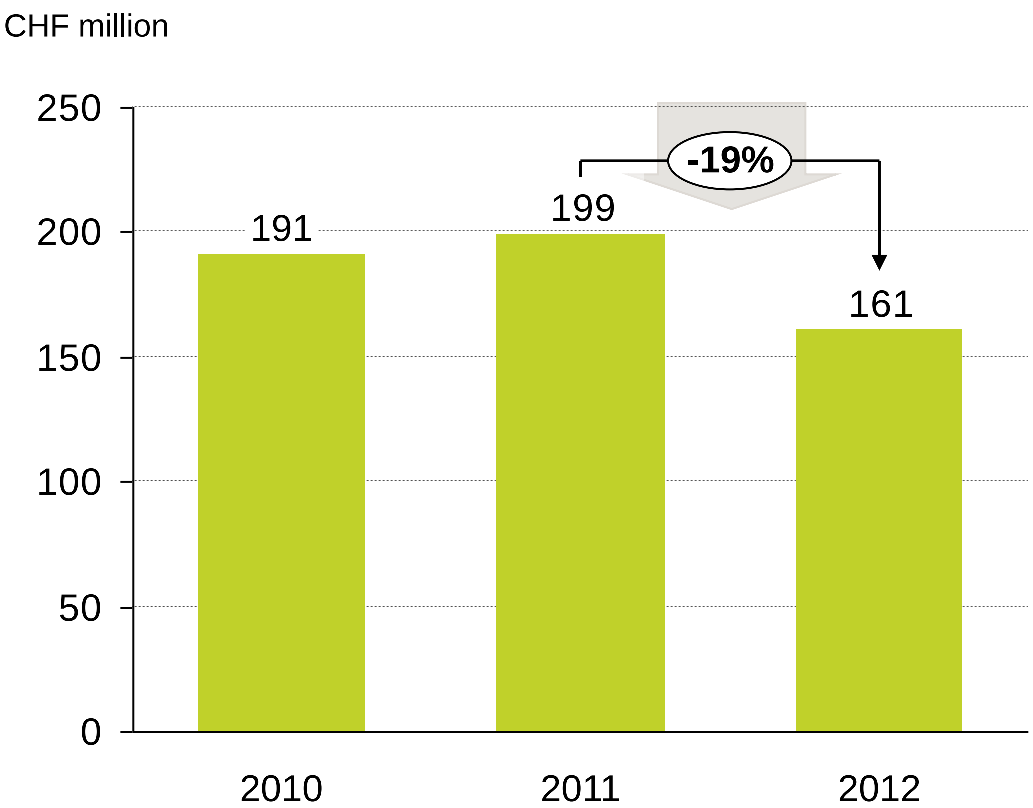
Graf

CHF million	**2012**	2011	2010
Order intake	**144.7**	183.3	235.2
Sales	**160.9**	199.1	190.6
Segment sales	**232.3**	263.9	237.8
EBIT	**16.0**	35.1	29.6

- **Customers / regions:** Spinning mills and OEMS (Rieter and third) in India, China, Turkey, Europe, South East Asia, North and Latin America, Africa
- **Market size:** ~1,100 million CHF (2010)
- **Product offering**: Durable and wear & tear components for short staple spinning machinery
- **Global sales and service presence** in all yarn and machinery producing countries mainly through agents with **production facilities** in Switzerland, EU, China, India
- **Main competitors:** Trützschler, Oerlikon OTC, various Indian and Chinese competitors
- **Growth drivers:** Population and GDP growth drives demand in fibers and yarn; Trend to increasing yarn quality and fineness and automation; Higher speeds

Premium Textile Components: Sales

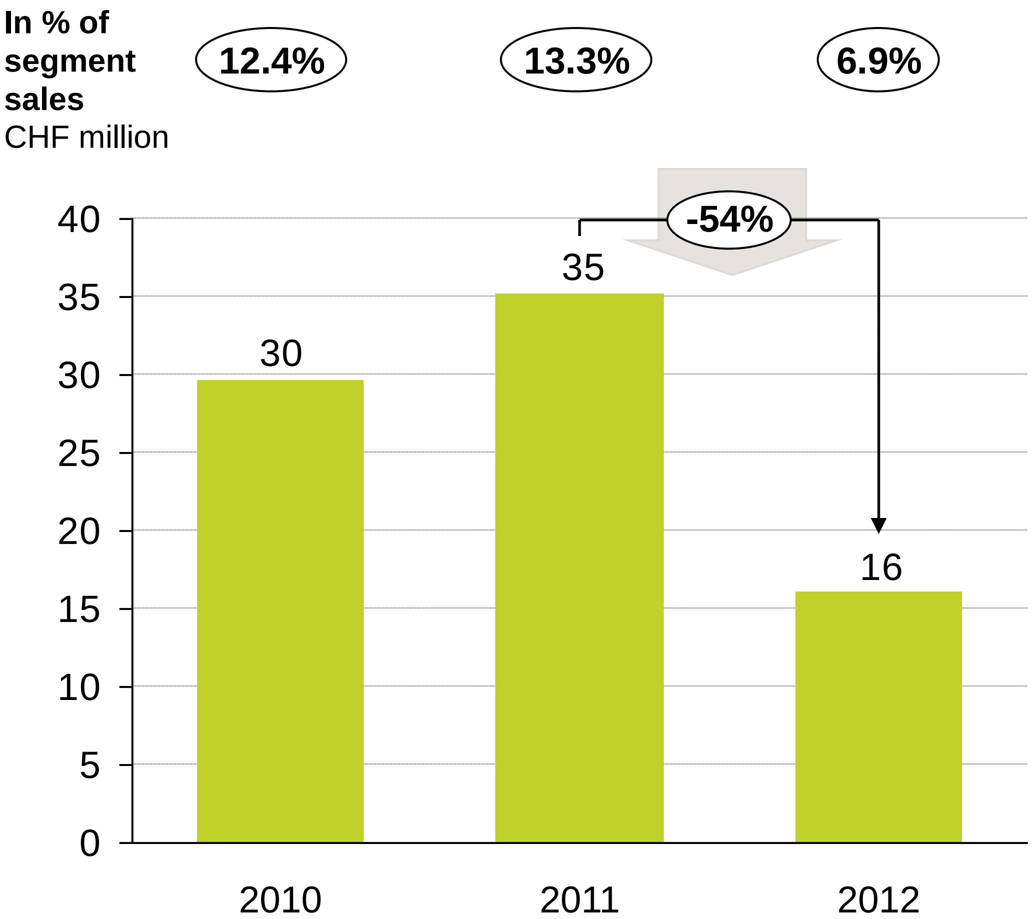
Sales decrease mainly due to lower third-party demand



- Sales declined by 19% to 160.9 million CHF, as demand declined cyclically from textile machinery manufacturers and for retrofit business
- Business with spinning mills wear & tear parts developed more dynamically
- Segment sales – including deliveries to Spun Yarn Systems – declined less by 12% to 232.3 million CHF

Premium Textile Components: Operating result (EBIT)

Volume-driven profitability decrease



- EBIT declined to 16.0 million CHF
- Main drivers for decline were lower volume, lower proportion of high-margin products and strategic project costs

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Rieter – Strategic intent

Strategic intent

Organic growth / growth by acquisitions

- Stay No. 1 in the import segment, become at least No. 2 in the local segment
- Strengthen position in China and India
- Close product gaps through innovation and external opportunities

Innovation

- Improve yarn quality
- Increase fiber yield / productivity
- Achieve cost and energy savings (for spinning mills)

Cycle management

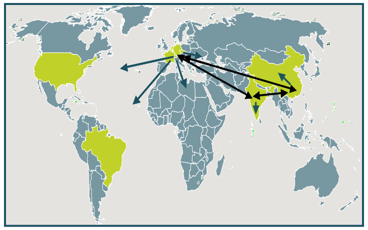
- Maintain break-even focus
- Generate free cash flow throughout the cycle
- Keep key know-how

Rieter – Strategy implementation organic growth

Continued intensity of strategy implementation in 2012 / 2013

- **Expansion in Asia**: Capacity expansion of production sites in Changzhou (China) and Pune (India)

- **Innovation:** Driving innovation, product pipeline and continuation of localization of product portfolio



- **Process improvements**: Increased focus on operational excellence in all locations and process improvements in IT – supported global supply chain and administration

Additional investments for 2012 / 2013:
~ 140 million CHF

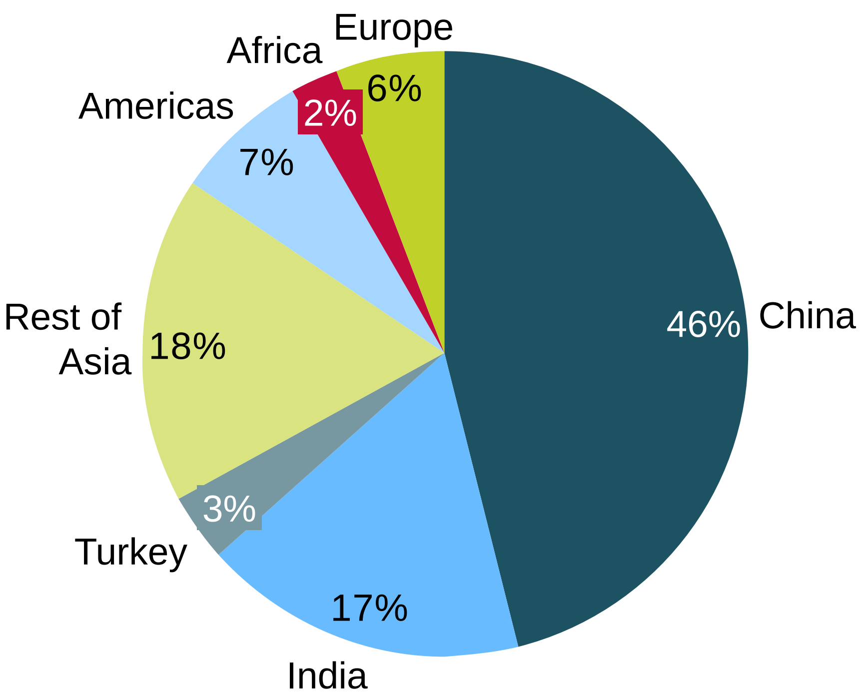
In 2012:
51.6 million CHF capex
25.3 million CHF cost

Financing for investments in 2012 / 2013 is in place

Expansion in Asia: Potential in China and India

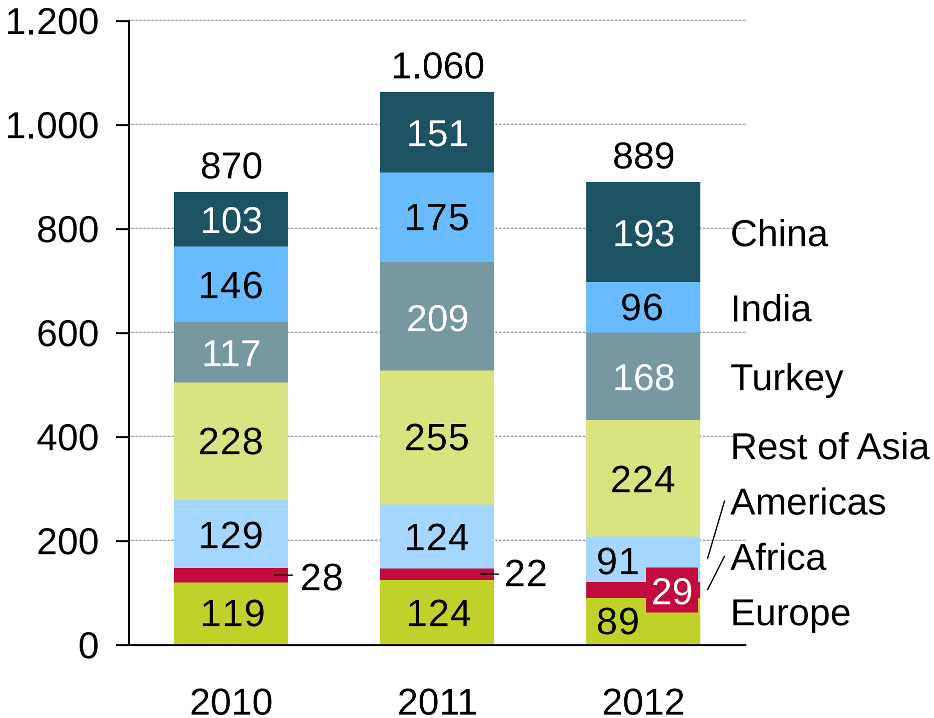
Significant potential to increase market position in China

2010, world-wide installed capacity (spindle equivalents) in %



Source: ITMF statistics

2010 – 2012, Rieter sales in Mio CHF



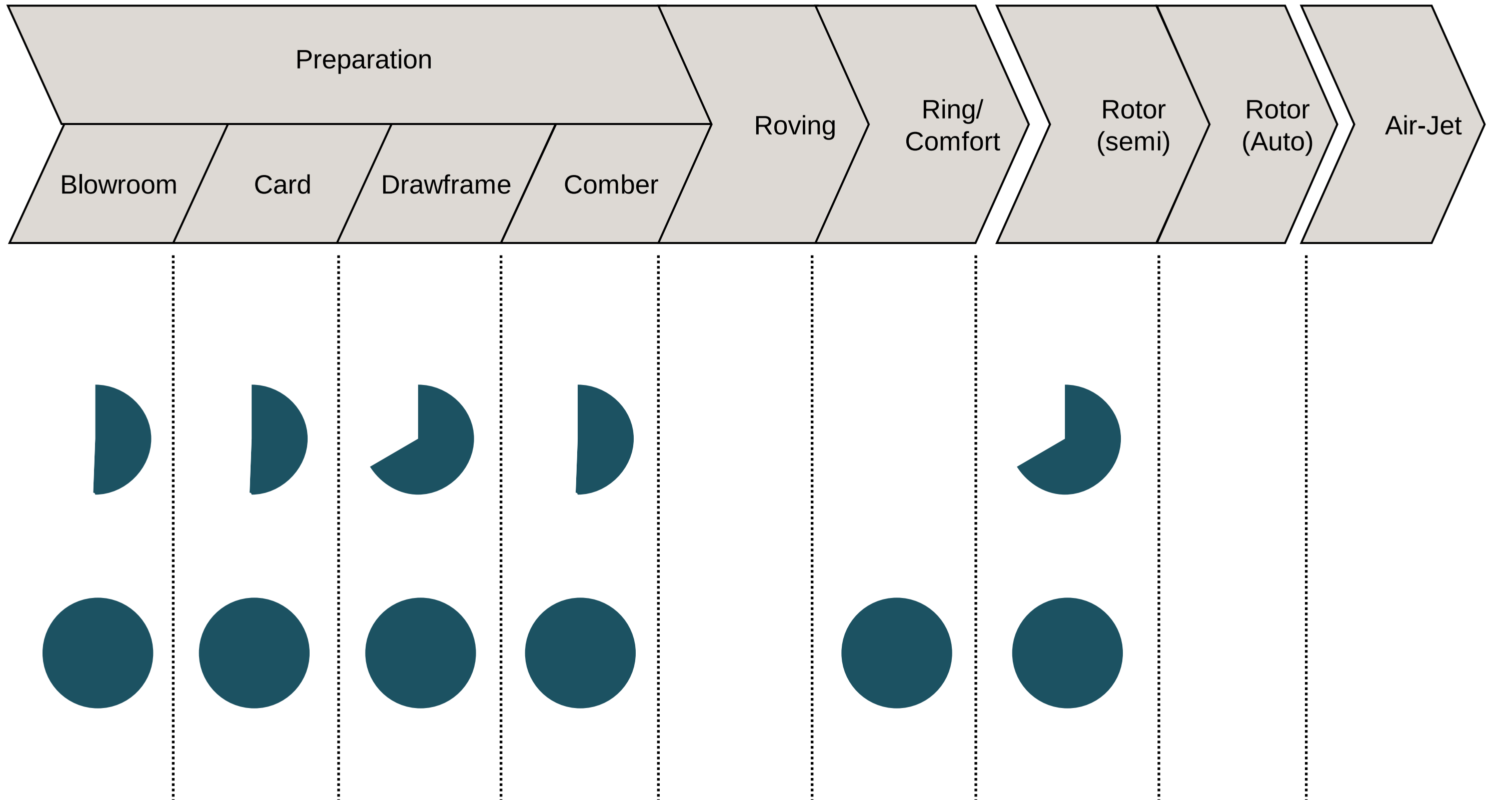
Expansion in Asia: Addressing growth potential

Increase in locally available product portfolio to address growth potential

Available local capacity in China / India

2011

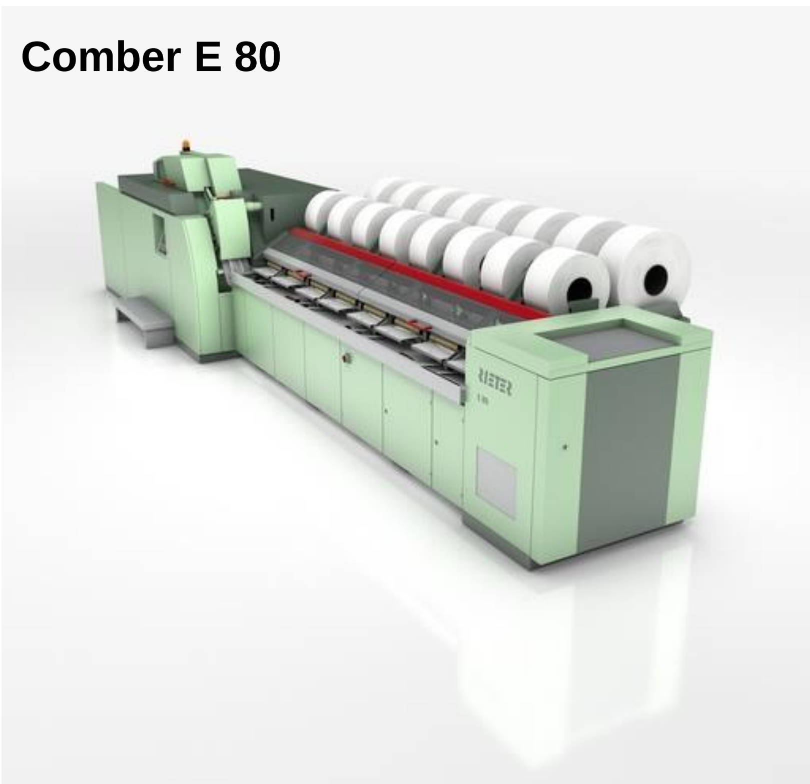
2014



Strategy implementation: Innovation – example (1/2)

Combing: Rieter set in 2012 again the benchmark with the highly flexible E 80

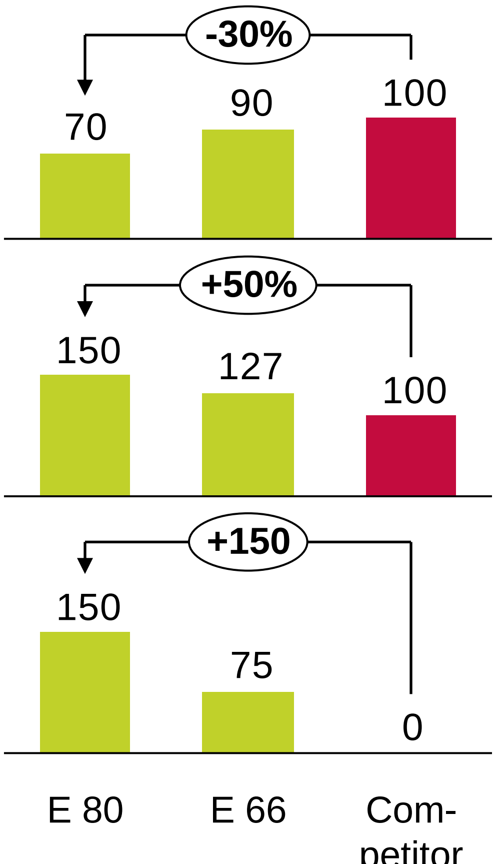
Comber E 80



Quality:
Irregularities (IPI %)

Productivity:
Tons / day per comber (indexed)

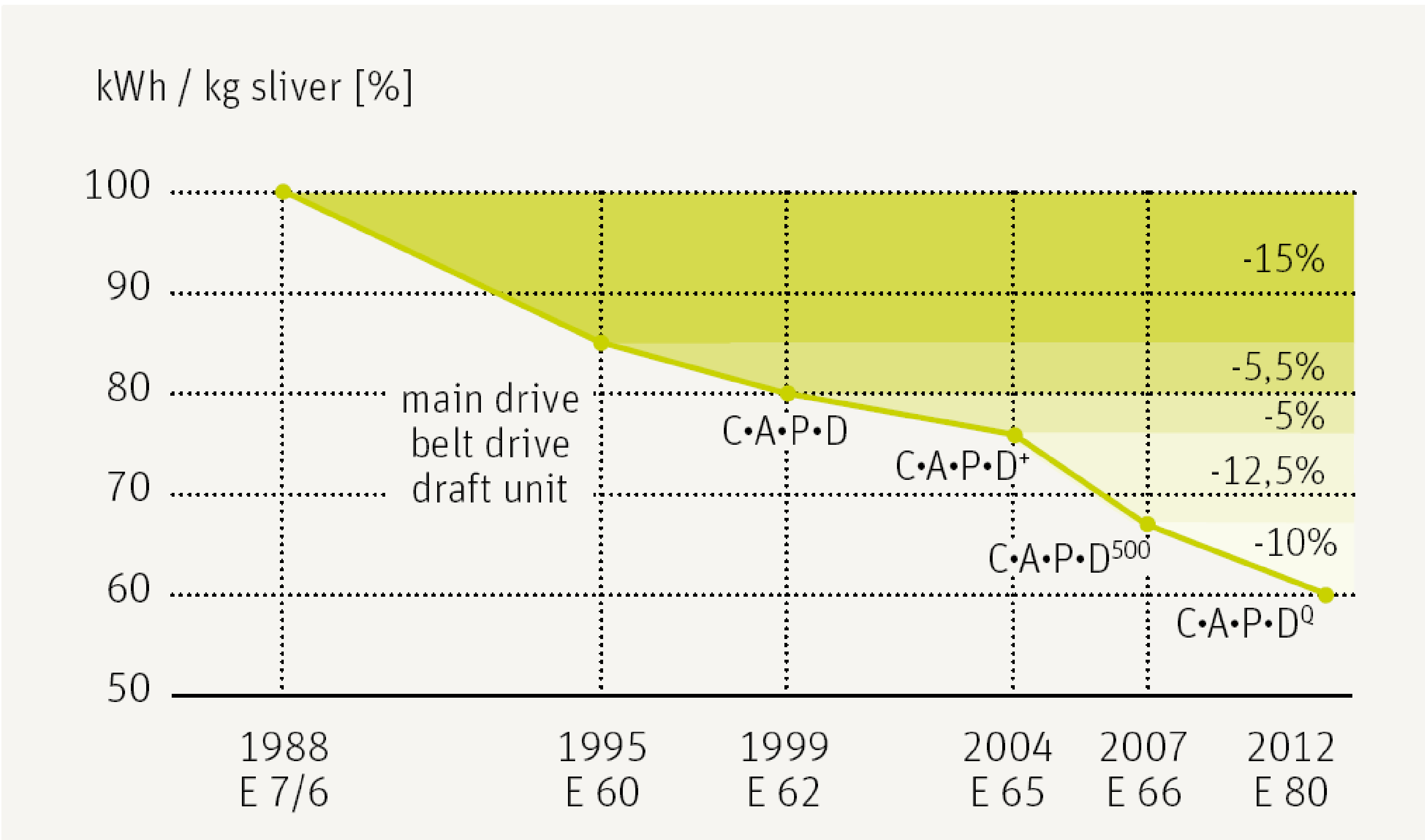
Yield:
Raw material saving per year in TUSD per comber set



Customer benefits from above advantages in accordance to his strategy to exploit either quality, raw material yield or productivity

Strategy implementation: Innovation – example (2/2)

Combing: Rieter constantly reduces energy consumption



500 nips/min, 84 kg/h: 3.7 kWh = 44 kW/ton combed sliver

Rieter – progress investment program 2012 / 2013

Investment program on track – half-way milestones passed

	2012	2013	2014
Expansion in Asia 	• Inauguration of first stage of second plant in Changzhou (China) • Construction of second plant in India	• Completion of plant II in Changzhou • Ramp-up of second plant in India	• Full additional production capacity available • Reduction of temporary personnel for investment program 2012 / 2013 • Shift of market-specific functions to expanded sites • Realization of efficiency gains from process improvements
Innovation 	• Airspinning machine (J 20) well received at ITMA Asia • First J 20 full system operational at client	• Continued controlled market introduction	
Process improvements 	• Improvements in new plants, centralization in Switzerland realized • Global processes defined	• Operational Excellence in main plants completed • Go-live of new IT-supported processes	

Strategy implementation: Maintain break-even focus

Measures to increase profitability have been initiated

- **Reduce break-even** after conclusion of investment program 2012 / 2013:
  - Reduction of global workforce by 5% over the next 24 months predominantly in Switzerland through
    - Natural fluctuation
    - Reduction of temporary personnel specifically engaged for the investment program
    - Early retirements and to some extent reduction of permanent staff
- **Increase margins** in both business groups:
  - Production cost savings
  - Optimal capacity management
  - Price discipline
- **Focus on free cash flow** by reducing capital expenditures and optimizing inventories

Guidance over the cycle

	Over the cycle
Sales	Sales growth of > 5%
EBIT margin	> 9% over the cycle, peak years > 12%
Net result	> 6% over the cycle, peak years > 8%
RONA	Peak years > 14%
Capex	4 – 5% of sales
Dividend policy	Target pay-out ratio of approx. 30% of net result

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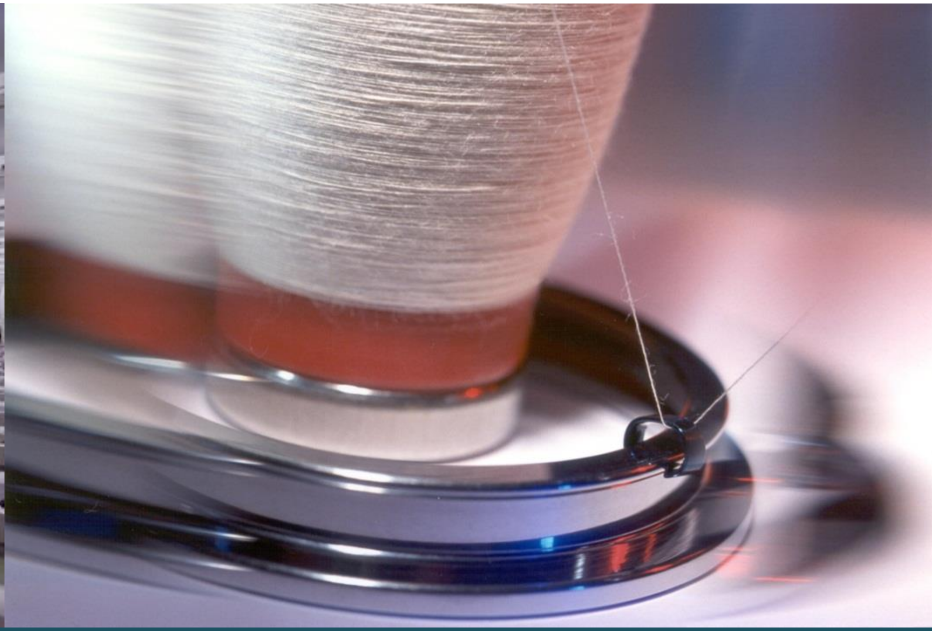

2013 Outlook

Summary 2012

Rieter: Market position strengthened in a weaker market environment

- Market position improved – third half-year in a row with increasing order intake
- Lower sales in 2012, as expected
- Profitability reduced by lower volumes, product mix and margins and the investment program
- Investment program 2012/2013 on track, profitability increase measures released
- Dividend of 2.50 CHF proposed

Outlook 2013

- Rieter business activities are broadly based worldwide. Heterogeneous market development is expected for 2013. Market development depends amongst other factors also on currency exchange rate developments, consumer sentiment in Europe and North America, fiber consumption growth in Asia, and raw material prices.
- The slight improvement in market conditions in the second semester of 2012 continued in the first two months of 2013. Full-year sales for this financial year are expected to reach at least a similar level as in 2012. As a result, operating profit (EBIT) is expected around 2012 levels before disposal gains. This includes strategic project costs from the investment program 2012 / 2013 of about 20-25 million CHF. Operating profitability in the first semester 2013 is expected to be lower due to less attractive inherent margins in current order backlog. Rieter expects a slightly positive net profit in 2013.
- Investment activity from the finalization of the investment program 2012 / 2013 will lead to capital expenditure of around 35-40 million CHF on top of ongoing replacement demand.
- With the planned finalization of the investment program at the end of 2013, Rieter will again focus on reducing its break-even levels and improving its profitability. As a consequence, Rieter will reduce its total global workforce by 5% over the next 24 months, mainly in Switzerland. This will be achieved through reduction of resources employed specifically for the investment program, natural fluctuation, early retirement and to some extent reduction of further permanent personnel. Additionally, Rieter will focus on improving its margins through continued product cost decreases, optimization of capacity allocation and price discipline.

Agenda 2013

Full year 2012 results analyst presentation / conference call:
March 21, 2013, 2 p.m. CET

Annual General Meeting:
April 18, 2013

HY1 2013 results publication:
July 25, 2013

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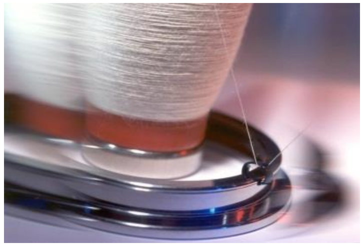
Appendix

Rieter – Strategy implementation external growth

Clear criterias for target selection



- Selected acquisitions in the **components** business

- Closing product gaps in the **machinery** business

Criteria:

- Strong **brand** in the respective segment
- Improving **market access** or enhancing **product portfolio**
- Allowing **profitable** growth

Authorized capital to increase financial flexibility approved at AGM 2012

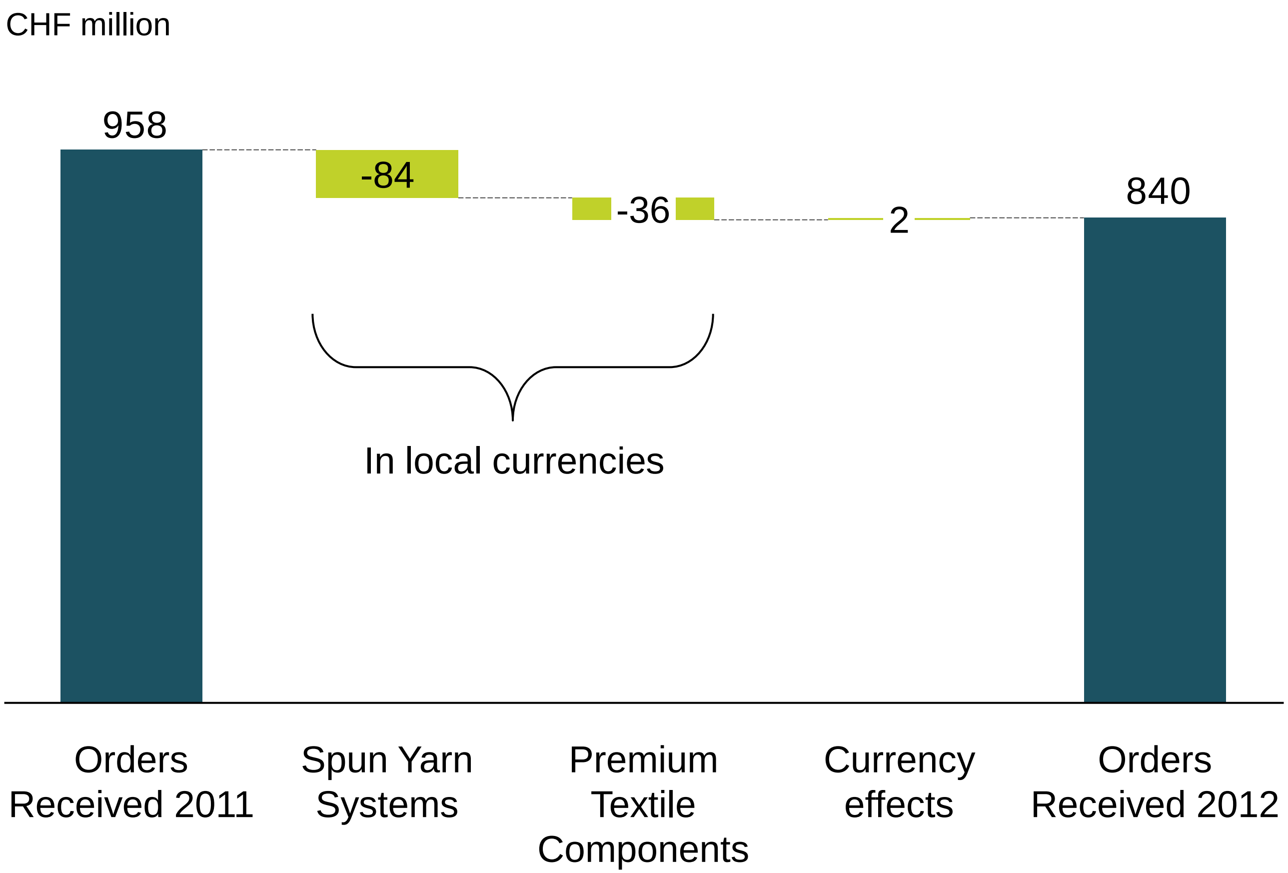
Rieter – At a glance

Rieter is a leading supplier of short staple textile machinery and components

- **Rieter – an industrial group based in Winterthur, CH, operating on a global scale**
  - Formed in 1795, and a leading supplier of short-staple spinning machinery and technology components
  - Widest product range in this industrial sector worldwide
  - Global presence in 10 countries with 18 manufacturing facilities and a workforce of about 4 700 employees worldwide (28% of workforce is based in Switzerland)
- **Rieter – a strong brand with a long tradition**
  - Rieter’s innovative momentum has been a powerful driving force for industrial progress.
  - Products and solutions are ideally tailored to its customers’ needs and are increasingly also produced in customers’ markets.
- **Rieter aspires to achieve sustained growth in enterprise value for the benefit of shareholders, customers and employees**
  - Seeking to maintain continuous growth in sales and profitability
  - Primarily by organic growth, but also through strategic alliances and acquisitions
- **The company comprises two Business Groups**:
  - Spun Yarn Systems (SYS) develops and manufactures machinery and systems for processing natural and man-made fibers and their blends into yarns
  - Premium Textile Components (PTC) supplies technology components and service offerings to spinning mills and also to machinery manufacturers

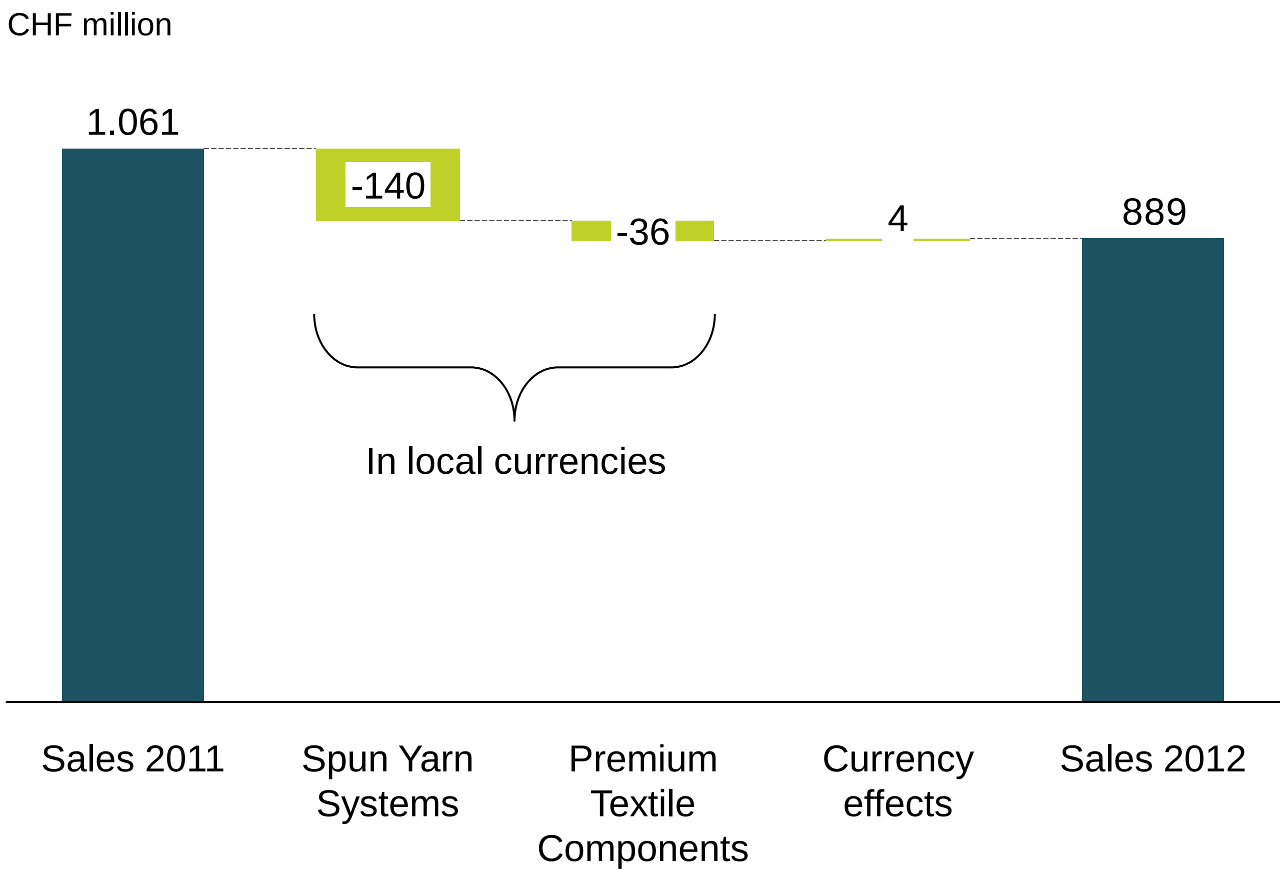
Order intake development and currency impact

Decline in both business groups due to lower volumes



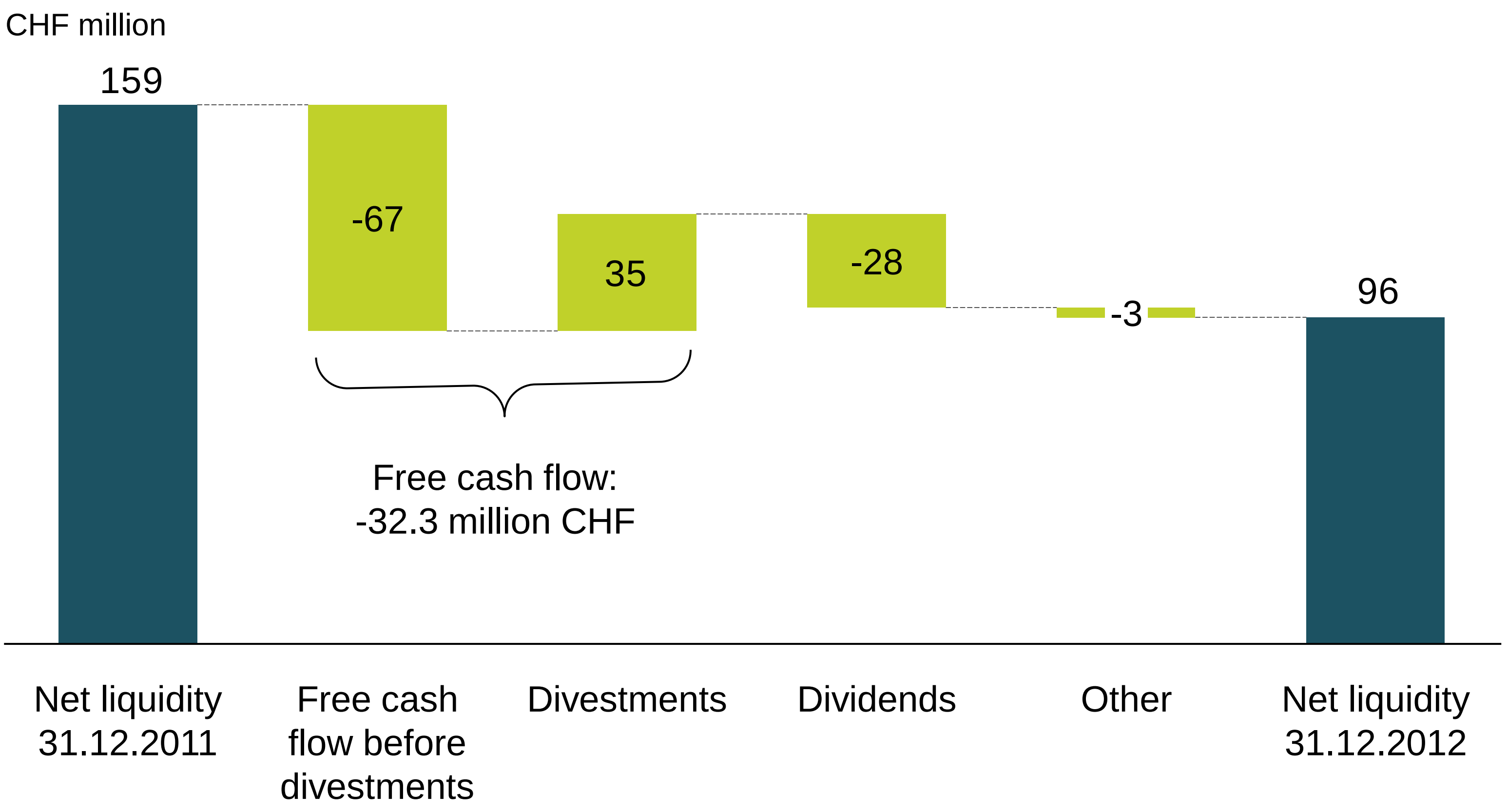
Sales development and currency impact

Decline in both business groups driven by volume



Net liquidity

Net liquidity impacted by free cash flow and dividends



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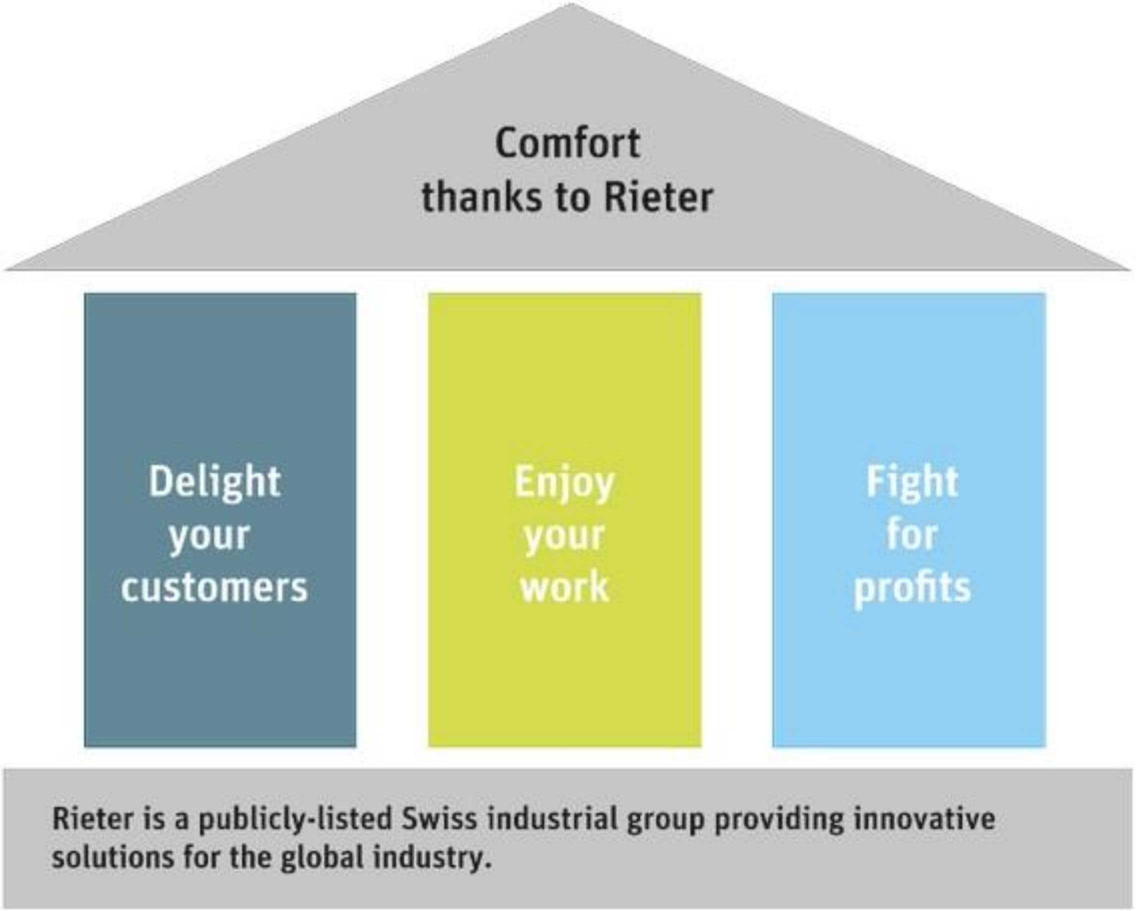
Values and principles



Key data per share

Rieter registered shares of 5 CHF nominal value Bloomberg: RIEN; Reuters: RITZn		**31.12.2012**	30.06.2012	31.12.2011
Shares outstanding excl. own shares (end of period)		**4‘621‘425**	4‘583‘544	4‘629‘335
Average shares (of period)		**4‘609‘778**	4‘616‘917	4‘625‘281
Share price (end of period)	CHF	**159.40**	140.50	141.10
Market capitalization (end of period)	million CHF	**737**	644	653