

Press Release

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Rieter sells its shareholding in the Indian joint venture Rieter-LMW Machinery Limited

Rieter signed the contract for selling all its shares in its Indian joint venture company Rieter-LMW Machinery Ltd. to Lakshmi Machine Works Ltd. in Coimbatore on April 1, 2011. The closing of the transaction is expected to take place in August 2011, and Rieter-LMW Machinery is continuing production for Rieter until June 30, 2011. The parties agreed not to disclose details about the transaction. During the last few weeks Rieter has also participated in the share buy-back program initiated by Lakshmi Machine Works and reduced its shareholding in Lakshmi.

Rieter-LMW Machinery Ltd. (RLM) was founded as a 50:50 joint venture between Rieter and Lakshmi Machine Works Ltd. (LMW) in 1994. Due to changes in the market conditions in India, the partners have agreed to both concentrate on their own strengths. They have found a good solution for the JV company as Lakshmi Machine Works acquires all Rieter's shares in the JV company and continues production at the present site in Coimbatore and with today's workforce of some 450 employees. Rieter is pleased that the skilled and motivated employees of Rieter-LMW Machinery also have the full trust of the new owner and that no job losses are expected due to this transaction.

Lakshmi Machine Works and Rieter would like to thank the management, the workforce and the suppliers of RLM for the longtime loyal support. The companies would also like to extend its thanks to the authorities of the city of Coimbatore and the state of Tamil Nadu who have been supporting the Joint-Venture since 1994. Rieter is convinced that LMW is the ideal owner to further develop the company successfully.

Rieter will approach the suppliers of RLM to become part of Rieter's global sourcing network and will contact them in due time to discuss future business opportunities and deliveries to the new facilities of Rieter in Maharashtra.

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This change of ownership is a logical step of Rieter's strategy to further extend the footprint in India in the last couple of years. It enables Rieter to strengthen its commitment to the Indian customers since the company is allowed with its new facility in Wing to produce Ringspinning frames for the Indian market.

Rieter Textile Systems today is well positioned in India with strong manufacturing units and an experienced sales and service organization. Rieter currently employs some 975 employees at its two manufacturing sites in Wing and Koregaon Bhima near Pune (Maharashtra) and over 100 people at different locations in India for sales, sales support and service for the Indian textile industry.

The Rieter Group operates internationally, developing and producing sophisticated systems solutions for the textile and automotive industries. In the 2010 financial year Rieter generated sales of 2'586 million CHF with some 12'700 employees worldwide. The Textile Systems Division accounted for 870.4 million CHF and the Automotive Systems Division for 1'715.4 million CHF of these total sales.

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