



Half-Year Results 2017

- Investor presentation, July 20, 2017
- Dr. Norbert Klapper, Group CEO
- Joris Gröflin, Group CFO

Main Messages HY1 2017



- Order intake in the first half of 2017 increases by 26% compared to the second half of 2016
- Sales in the first half of 2017 reaches 415.2 million CHF, compared to 436.9 million CHF in the same period last year
- EBIT of 16.0 million CHF and net profit of 10.9 million CHF at the previous year's level
- Acquisition of SSM Textile Machinery completed as of June 30, 2017

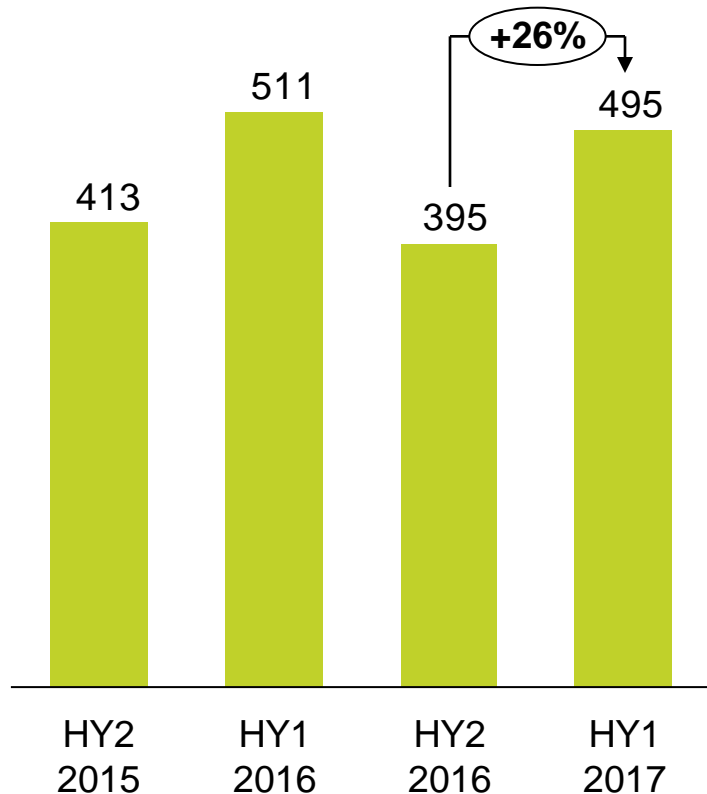
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1. Introduction and summary HY1 2017 Dr. Norbert Klapper
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 3. Outlook Dr. Norbert Klapper

HY1 2017: Key Messages Today



Demand picks up in the first half of 2017

Order intake
(Million CHF)



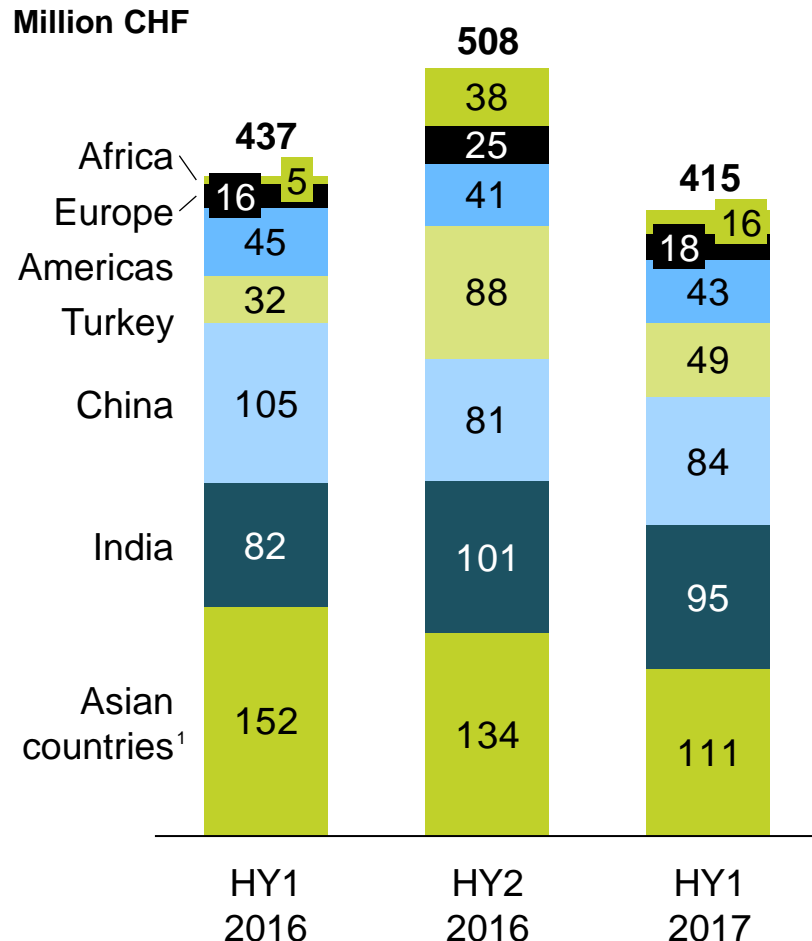
- Order intake in first half year with 26% growth against second semester 2016
- Increasing demand as of March
- Order backlog reaches 545 million CHF¹ and extends into 2018 (23% growth versus year-end 2016)

¹ Including 28 million CHF SSM Textile Machinery

Sales Development by Region



Solid sales in India and China



- Lower sales to **Asian countries** (Bangladesh and Vietnam). Order intake significantly above HY1 2016 sales level (Central Asia)
- **China** below previous year's sales level – order intake still below sales but with an increase in the second quarter 2017
- Sales to **India** above HY1 2016 level. Impact of demonetization/tax reform led to order intake below sales level
- Sales to **Turkey** on low level, order intake below sales
- Both sales and order intake in the **Americas** and **Africa** impacted by delivery and booking of large orders

¹ Without China, India and Turkey

Rieter continues to work on achieving the mid-term targets

Boosting innovative capability:

- Continued high R&D activities with 22.8 million CHF (5.5% of sales)
- Strong demand for RSB-D 50 introduced in 2016
- Relaunch of Air-Jet J 26 started

Expanding the after-sales business:

- Target to achieve growth of 30% by 2018 (vs. 127.5 million CHF sales in 2014)
- Order intake in first half-year 2017 of 77.7 million CHF underlines growth ambition
- Opening of service branch in Kahramanmaraş, Turkey

Increasing profitability:

- Cost savings in Winterthur with positive impact on profitability of Machines & Systems
- Restructuring Ingolstadt – negotiations ongoing
- Continuous improvement of cost base ongoing

Acquisition of SSM Textile Machinery on June 30, 2017 **RIETER**

Transaction highlights



- Rieter acquires 100% of SSM from Schweiter Technologies AG
- Investment in adjacent fields of the textile value chain
- SSM is a global technology leader with a strong global brand
- SSM generates an attractive EBITDA margin and stable cash flows
- Opportunities for Rieter's short staple spinning machines
- Purchase price of 124.2 million CHF, enterprise value of 100.2 million CHF, financed from liquid funds

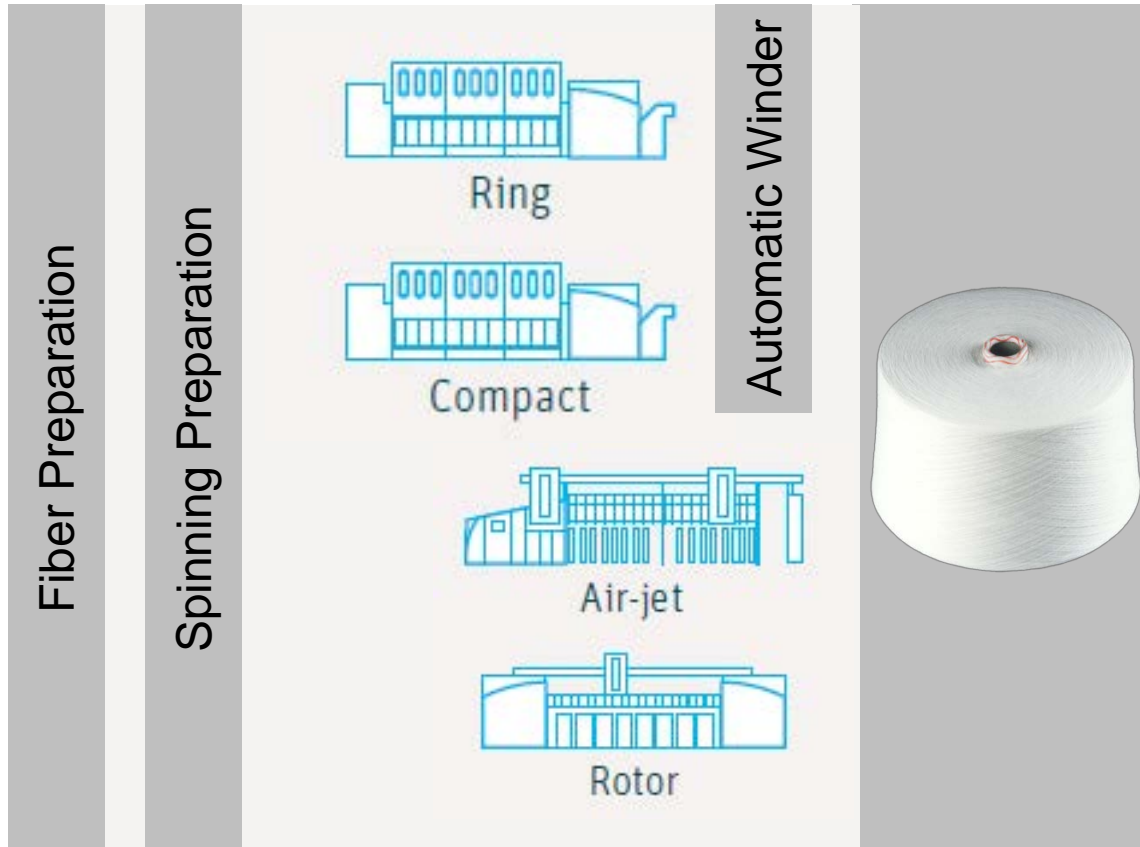
SSM is an attractive addition to Rieter's business

- Industry focus – adjacent segments of the textile value chain
- Premium position – strong global brand
- Technology base – winding operations on Rotor/Air-Jet machines
- Customer overlap – integrated textile manufacturers
- Management set-up – cultural fit, stand-alone business

SSM is part of Rieter's Business Group Components

Opportunities in Short-Staple Spinning

Potential: Technology and innovation



- Precision winding offers differentiation potential in Rotor- and Air-jet spinning
- Customer benefits in downstream process steps:
 - Dyeing
 - Weaving

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Rieter – Financial Overview HY1 2017



Orders received substantially above sales

Million CHF	HY1 2017	Change vs. HY1 2016	
Orders received	495.2	-3%	26% growth vs. HY2 2016 thanks to a positive contribution of all business groups
Sales	415.2	-5%	Machine & Systems and After Sales on last years level – Components lower
EBITDA	34.8	Margin +0.5%	Substantially improved Machines & Systems profitability, stable After Sales but lower Components results
Net profit	10.9	stable	Financial result and income taxes on stable level
Capex	7.7	-28%	Below previous half year and depreciation/amortization
Net liquidity	101.3	-48%	Acquisition of SSM, dividend payment and temporary increase of net working capital

Rieter – Financial Key Figures



EBITDA margin at 8.4% of sales

Million CHF	HY1 2017	HY2 2016	HY1 2016	FY 2016
Order Intake	495.2	394.5	510.7	905.2
Sales	415.2	508.1	436.9	945.0
EBITDA	34.8	61.4	34.4	95.8
EBITDA margin (of sales)	8.4%	12.1%	7.9%	10.1%
EBIT	16.0	40.8	15.7	56.5
EBIT margin (of sales)	3.9%	8.0%	3.6%	6.0%
Net profit	10.9	31.7	11.0	42.7
R&D expenditures	22.8	23.6	24.4	48.0
Capex	7.7	20.2	10.7	30.9
Free cash flow	-125.6¹	71.8	4.5	76.3

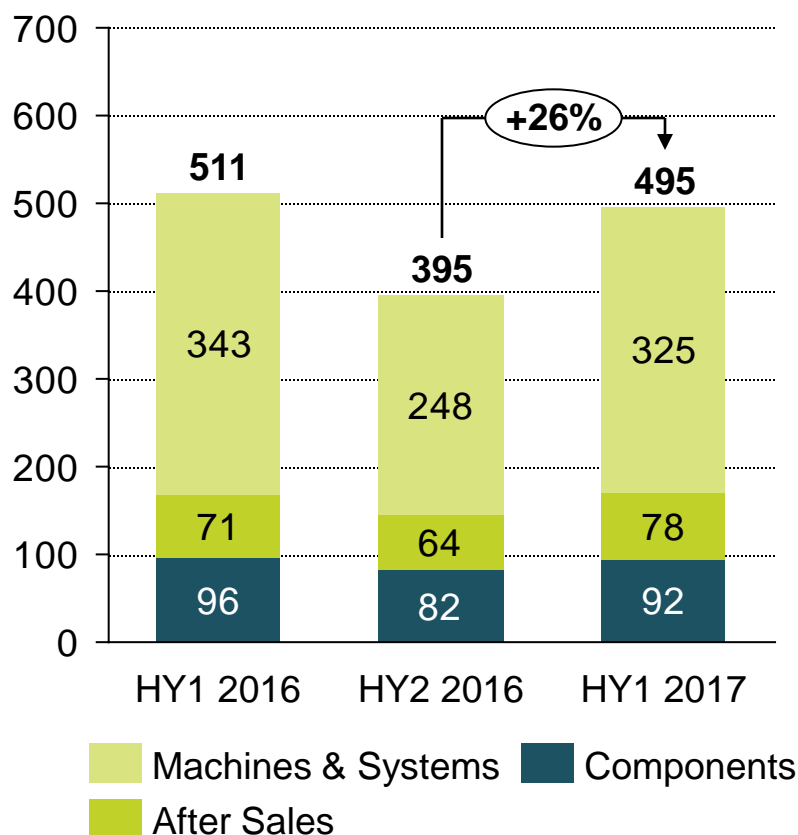
¹ Acquisition of SSM Textile Machinery as of June 30, 2017

Orders by Business Group



Strong demand as of March 2017

Million CHF



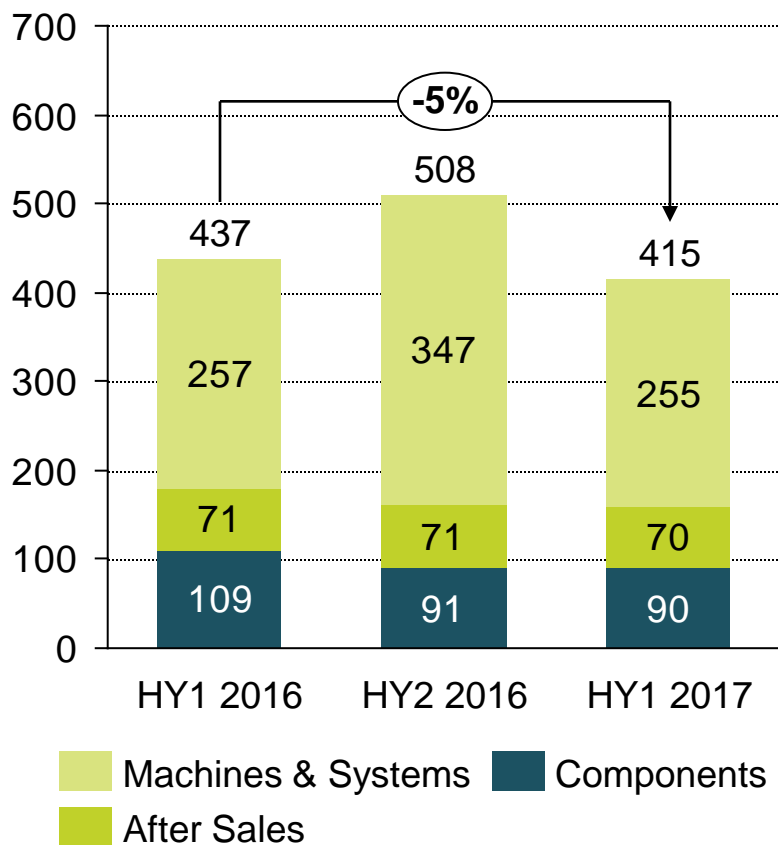
- Rebound: Business Group Machines & Systems with 325.2 million CHF orders received 31% higher than HY2 2016 (-5% vs. HY1 2016, -5% in local currencies)
- Positive: Business Group After Sales with 77.7 million CHF 21% higher than HY2 2016 (+9% vs. HY1 2016, +9% in local currencies)
- Stable: Business Group Components with 92.3 million CHF orders received (-4% vs. HY1 2016, -3% in local currencies)
- Order backlog at June 30, 2017 of around 545 million CHF (including SSM with 28 million CHF)

Sales by Business Group



Machines & Systems and After Sales on previous half-year's level

Million CHF



- 39% of sales from After Sales (17%) and Components (22%); 61% of sales from Machines & Systems
- Stable: Business Group Machines & Systems with 255.1 million CHF sales (-1% vs. HY1 2016, unchanged in local currencies)
- Stable: Business Group After Sales with 70.1 million CHF sales (-1% vs. HY1 2016, -1% in local currencies)
- Decrease against exceptionally strong previous year's period: Business Group Components with 90.0 million CHF sales (-18% vs. HY1 2016, -17% in local currencies)
- Difference to previous year's period mainly from volume and price (-20.1 million CHF) and less from translation (-1.6 million CHF)

Operating Results (EBIT)



EBIT margin at 3.9% of sales

Million CHF	HY1 2017	HY2 2016	HY1 2016
Machines & Systems	-3.8	15.7	-12.1
After Sales	12.8	12.3	13.2
Components	12.6	16.7	18.4
Corporate/Others	-5.6	-3.9	-3.8
Rieter Group	16.0	40.8	15.7
In % of sales	3.9%	8.0%	3.6%

- EBIT profitability slightly improved
 - Cost savings from Winterthur improved profitability of Machines & Systems to -1.5% of sales (HY1 2016: -4.7%)
 - Good performance at After Sales with 18.3% of sales (HY1 2016: 18.7% of sales)
 - Lower profitability of 9.8% of segment sales at Components (HY1 2016: 13.0%) due to product mix and lower utilization of individual plants
 - Corporate/Others: Acquisition related costs and costs for unused infrastructure

Net Profit and RONA



Net profit margin at 2.6%

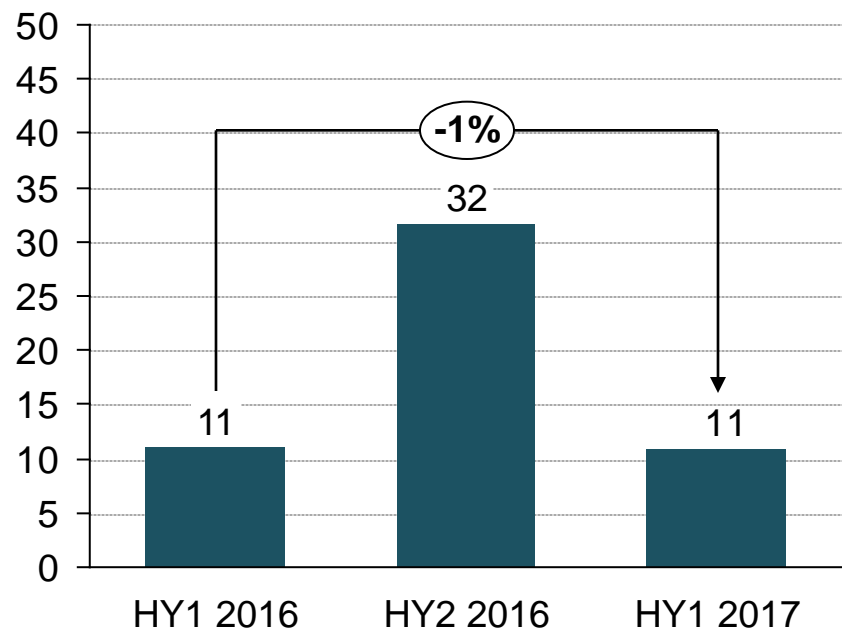
In % of sales

2.5%

6.2%

2.6%

Million CHF

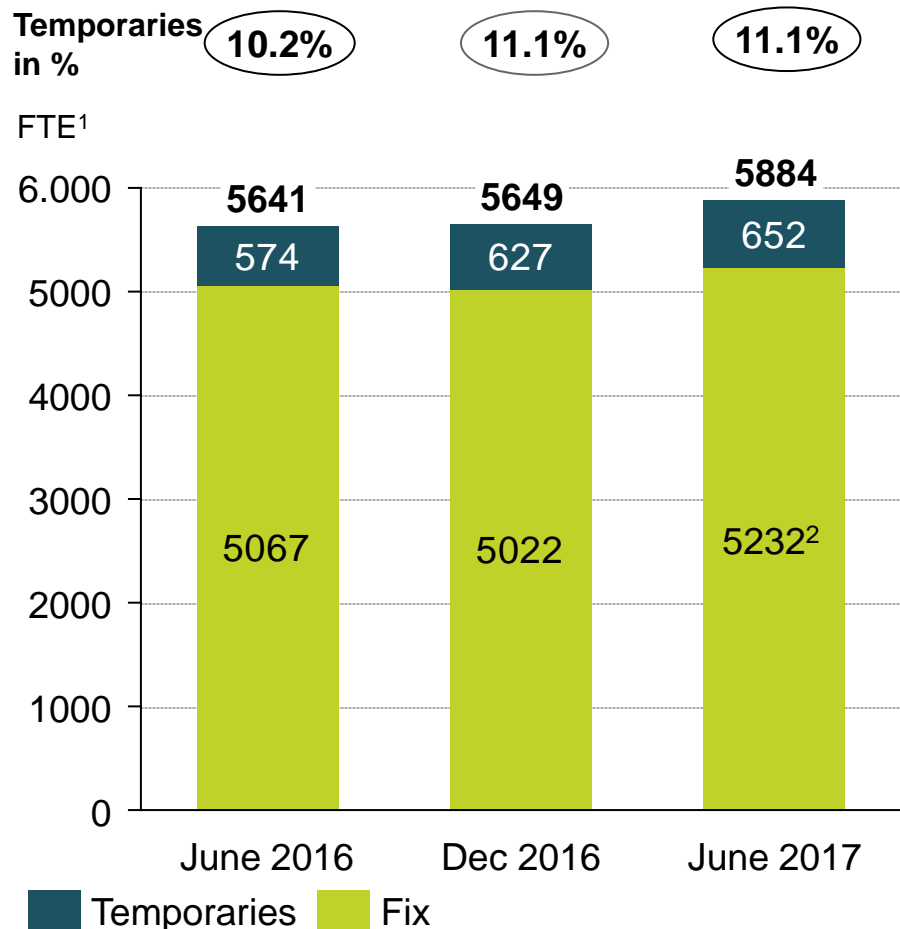


- Financial result at -2.1 million CHF (HY1 2016: -1.8 million CHF)
- Income tax at -3.0 million CHF (HY1 2016: -2.9 million CHF)
- Earnings per share at 2.39 CHF (HY1 2016: 2.42 CHF)
- RONA on comparable level as HY1 2016 of 4.6%

EPS in CHF	2.42	6.97	2.39
RONA in %	4.8%	12.2%	4.6%

Changes in Workforce

Year-on-year increase of total workforce



- Fix employees affected mainly by integration of SSM Textile Machinery and reduction in Winterthur
- Slight increase in temporaries compared to year-end due to increasing volumes

¹ Excluding apprentices, including temporary employees

² Including number of employees of SSM Textile Machinery

Impact of SSM Textile Machinery Acquisition



Half-year balance sheet includes provisional opening balance sheet of SSM

Million CHF (provisional values)	30/06/ 2017
Assets	117.6
... thereof intangibles	58.7
... thereof liquid funds	24.0
Liabilities	43.1
Purchase price	124.2
Identified net assets	74.5
Goodwill	49.7

- Transaction cost of 1.9 million CHF (thereof 1.3 million CHF in 2017)
- Purchase price allocation will lead to additional material cost/amortization in HY2 2017
- Transaction expected to be accretive

Balance Sheet



Continued strength after 100.2 million CHF cash used for acquisition of SSM

Million CHF	30/06/ 2017 ¹	31/12/ 2016	30/06/ 2016
Total assets	1 009.0	998.1	987.1
Non-current assets	442.9	344.3	360.4
Net working capital	46.6	-14.6	20.8
Liquid funds	207.5	372.6	305.4
Net liquidity	101.3	263.5	193.8
Short-term financial debt	0.1	9.1	10.9
Long-term financial debt	106.1	100.0	100.7
Shareholders' equity	442.4	460.7	432.7
in % of total assets	44%	46%	44%

Net liquidity change vs. December:

- Acquisition of SSM of 100.2 million CHF
- Dividend of 22.6 million CHF (5.00 CHF per share) paid out in April 2017
- Free cash flow of -25.4 million CHF
- CTA /others of -14.0 million CHF

Financing:

- Long-term financial debt includes bond issued in 2014 (100.0 million CHF, 2014 to 2020, 1.5%)
- Committed credit lines of 125 million CHF in place until September 2018

¹ Including provisional opening balance of SSM Textile Machinery at June 30, 2017

Net Working Capital



Increase of net working capital to 46.6 million CHF

Million CHF	30/06/ 2017 ¹	31/12/ 2016	30/06/ 2016
Inventories	201.9	163.2	210.7
Trade receivables	82.8	59.4	54.1
Other current receivables	73.9	58.6	56.5
Trade payables	-83.2	-79.4	-66.6
Advance payments	-94.6	-86.7	-79.1
Other current liabilities	-134.2	-129.7	-154.8
Net working capital	46.6	-14.6	20.8

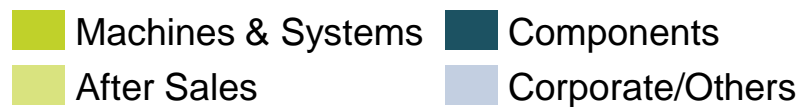
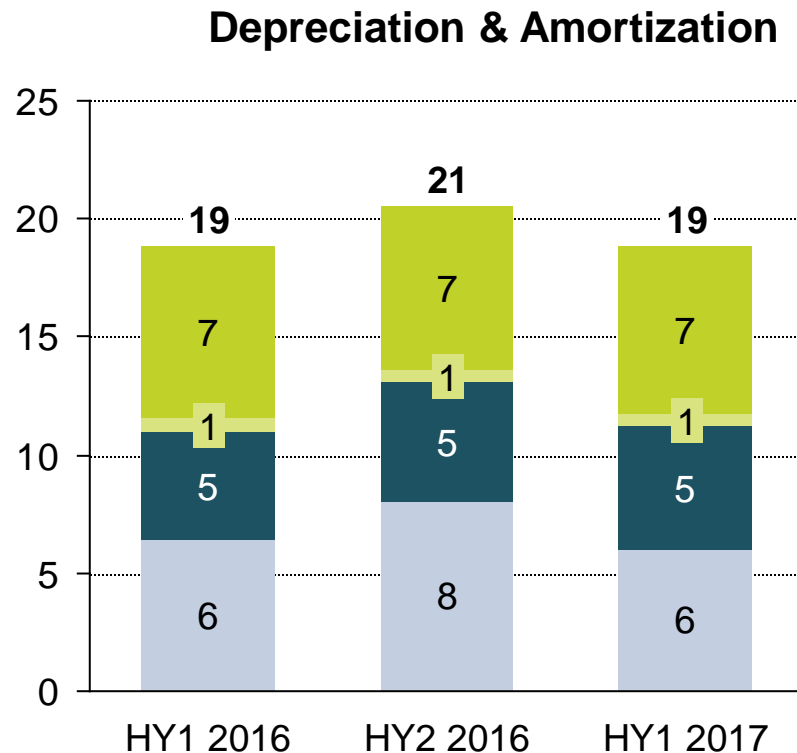
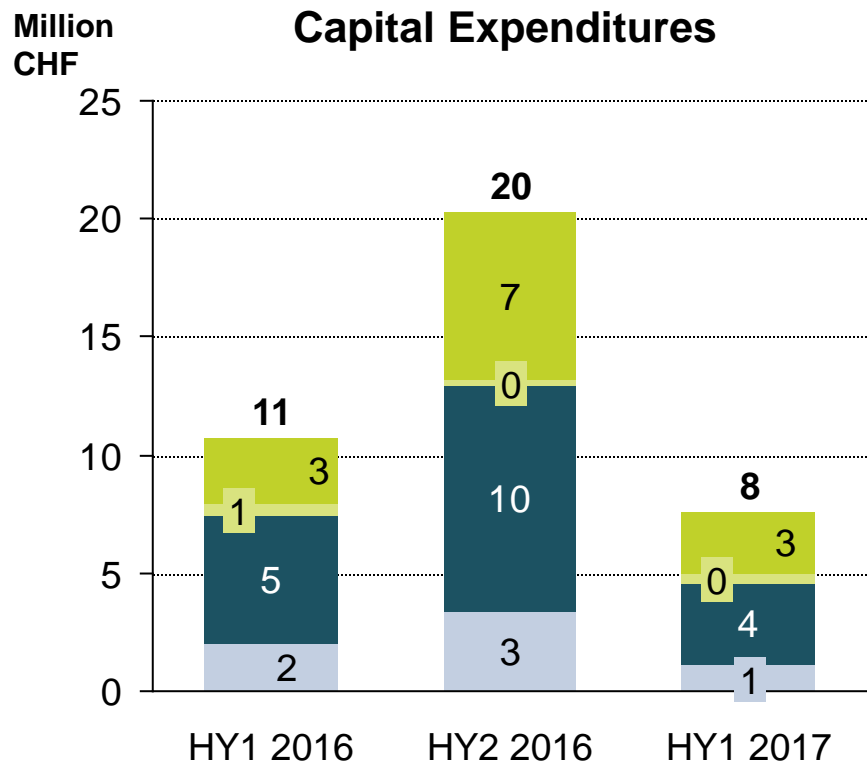
- Temporary increase driven by higher inventories and trade receivables compared to year-end and SSM with 5.6 million CHF

¹ Including provisional opening balance of SSM Textile Machinery at June 30, 2017

Capital Expenditures/D&A



Capital expenditures below depreciation/amortization level



Free Cash Flow



Free cash flow impacted by NWC increase and acquisition

Million CHF	HY1 2017	HY1 2016
Net profit	10.9	11.0
Interest and tax expense (net)	4.1	4.0
Depreciation and amortization	18.8	18.8
+/- Non-cash items/disposal gains	3.4	1.0
+/- Change in NWC and provisions	-55.1	-17.8
+/- Interest paid/received (net)	0.1	0.3
+/- Taxes paid	-5.4	-4.2
+/- Capital expenditure	-7.7	-10.7
+/- Proceeds from disposals	0.5	1.5
+/- Change in other financial assets	5.0	0.6
Free cash flow before acquisition	-25.4	4.5

- Free cash flow before acquisition is mainly affected by temporary increase in net working capital at June 30, 2017
- Free cash flow of -125.6 million CHF in HY1 2017 includes acquisition of SSM with 100.2 million CHF

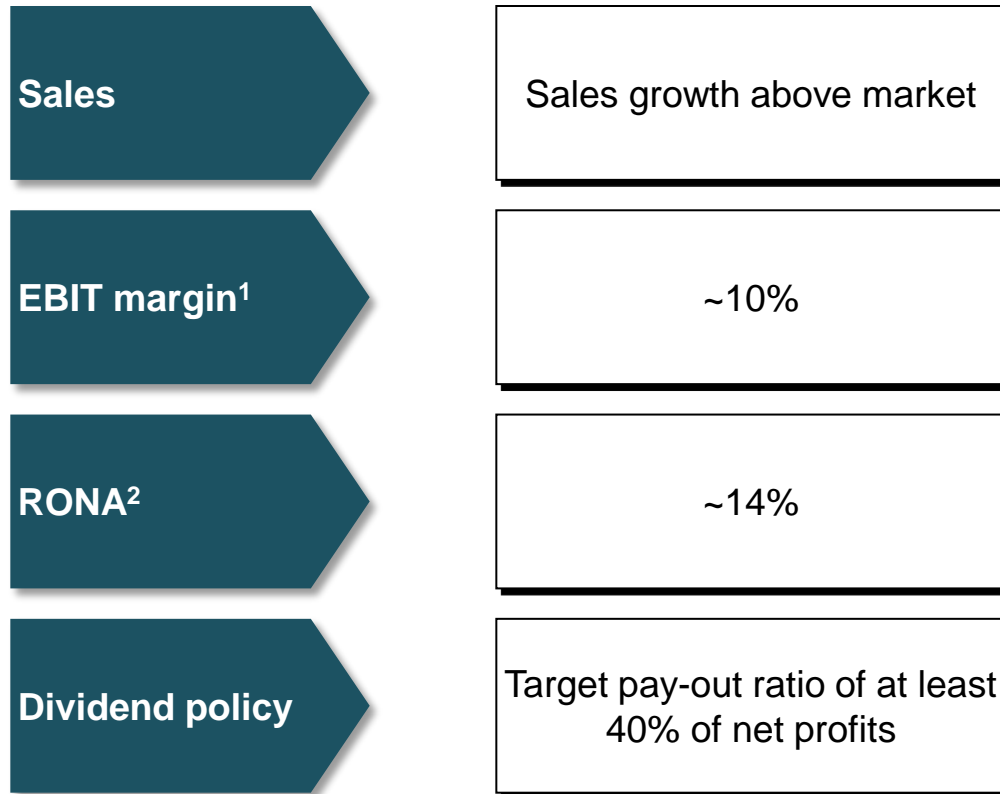
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Rieter is the world's leading supplier of short staple spinning systems offering the full range of machines, parts and components

- 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 half year, demand for components, spare parts and services was stable and order intake for new machines increased.
- Despite the still low visibility, Rieter assumes that demand will develop at the level of the first half year in the coming months.
- The acquisition of SSM Textile Machinery will make a positive contribution to sales and EBITDA in the second half of 2017.
- Overall in 2017, Rieter expects slightly higher sales than in the previous year and an EBIT slightly below the previous year (before restructuring costs), due to the product and country mix.
- 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 billion

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

Disclaimer

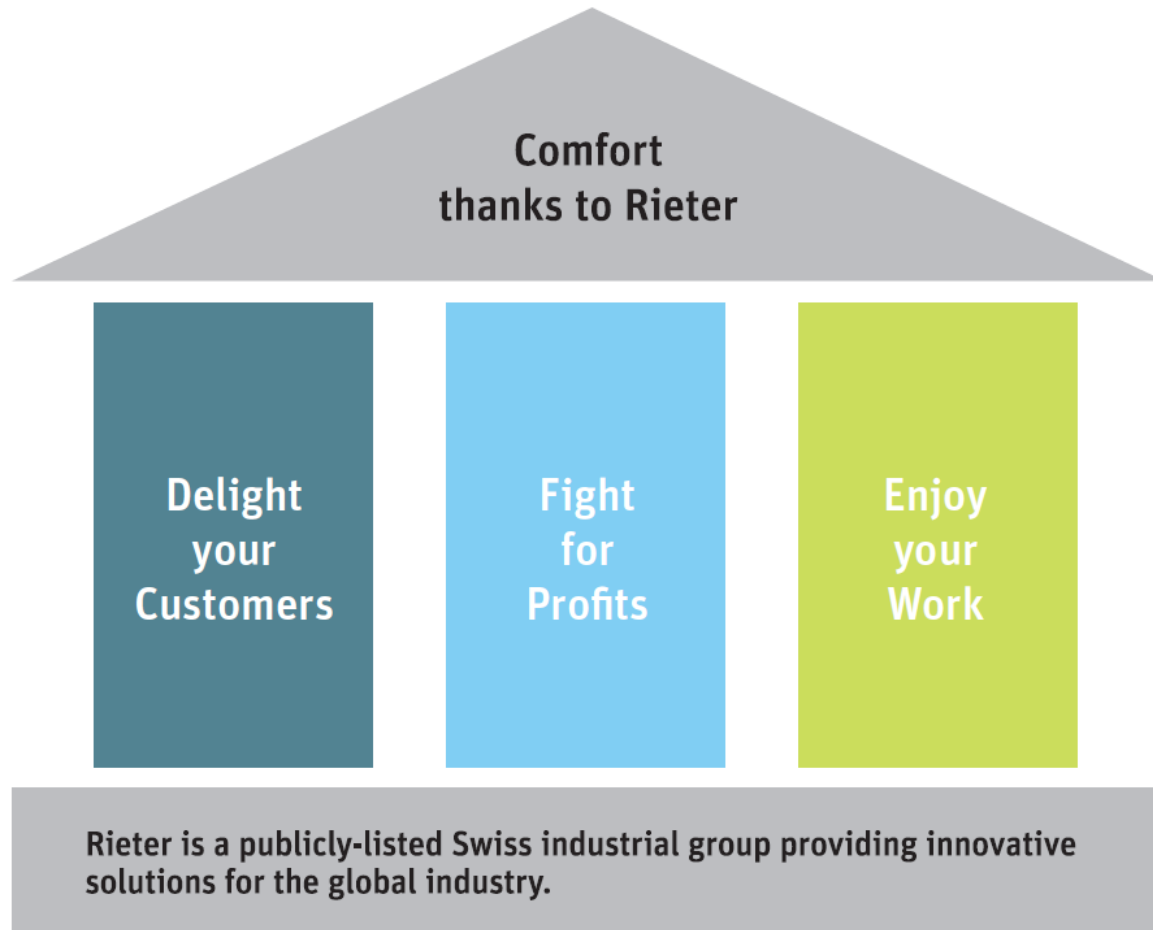


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Board of Directors



Michael Pieper
Member of the BoD

Peter Spuhler
Member of the BoD

Bernhard Jucker
Chairman of the BoD
Member of the NC/RC

This E. Schneider
Vice Chairman of the BoD
Chairman of the NC/RC

Hans-Peter Schwald
Member of the BoD
Member of the AC/NC/RC

Roger Baillod
Member of the BoD
Chairman of the AC

Carl Illi
Member of the BoD
Member of the AC

Luc Tack
Member of the BoD

Board of Directors (BoD)
Audit Committee (AC)
Nomination Committee (NC)
Remuneration Committee (RC)

Group Executive Committee



Dr. Norbert Klapper
Chief Executive Officer

Serge Entleitner
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 Counsel and
Company Secretary

Key Data per Share



Rieter registered shares of CHF 5 nominal value Bloomberg: RIEN SW; Thompson Reuters: RIEN.S	30/06/2017	31/12/2016	30/06/2016
Shares outstanding excl. own shares (end of period)	4 528 326	4 515 015	4 518 063
Average shares (of period)	4 523 565	4 515 861	4 515 519
Share price (end of period) CHF	218.9	177.10	199.40
Market capitalization (end of period) million CHF	991	800	901

Change in Sales and Currency Impact



Main impact on sales from lower volume and price at Components

Million CHF	Machines & Systems	After Sales	Components	Rieter Group
Sales HY1 2016	256.9	70.7	109.3	436.9
Volume and price	-0.8	-0.5	-18.8	-20.1
Currency translation	-1.0	-0.1	-0.5	-1.6
Sales HY1 2017	255.1	70.1	90.0	415.2