



Investor Update 2016

- Investor presentation, October 28, 2016
- Dr. Norbert Klapper, Group CEO
- Joris Gröflin, Group CFO

Rieter Group – key messages



- **Order intake up on previous year**
- **Market success in India, restrained demand in Turkey in the third quarter**
- **Rieter specifies outlook for the financial year 2016: EBIT-margin of around 5% to 6% expected**

1. Market trends and order intake 2016

Dr. Norbert Klapper/
Joris Gröflin

2. Strategic focus

Dr. Norbert Klapper

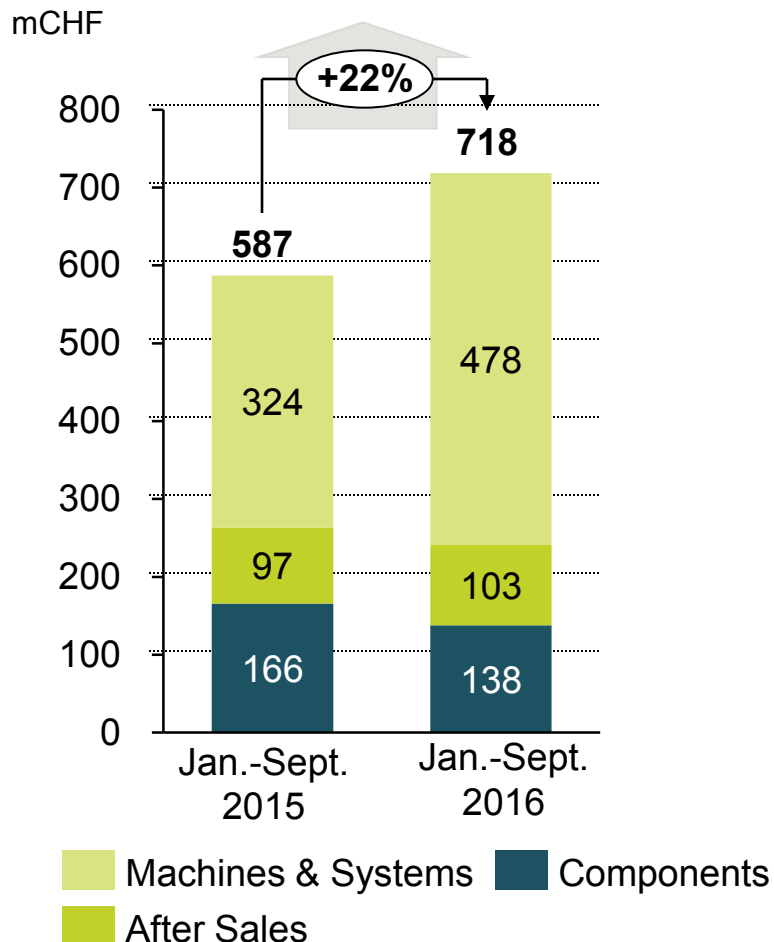
3. Outlook 2016

Dr. Norbert Klapper

Orders by business group



Orders received grown by 22% compared to previous year



Rieter Group: Positive development of order intake thanks to strong global presence and leading product portfolio.

1-9 2016: 718.4 million CHF (+22% vs. 1-9 2015: 587.1 million CHF), without impact of divestments 27%.

- Market success in India, slight improvement in China, significant decline in third quarter 2016 in Turkey.
- Growing demand for compact spinning machines, but market for rotor spinning machines at low level.

Business Group Machines & Systems

1-9 2016: 477.6 million CHF (+47% vs. 1-9 2015: 323.9 million CHF)

Business Group After Sales

1-9 2016: with 103.3 million CHF (+6% vs. 1-9 2015: 97.4 million CHF)

Business Group Components

1-9 2016: 137.5 million CHF (-17% vs. 1-9 2015: 165.8 million CHF), with lower demand in Q3

Rieter Group – orders received



Growth in Q3 driven by Business Group Machines & Systems

mCHF

Orders received	Q3 2016	Q3 2016 vs. Q3 2015	
Machines & Systems	134.2	+35.9	<ul style="list-style-type: none"> • Compact spinning machine K 42: major orders in India • Order intake in China continued to be below average, despite a slight revival • Low demand from Turkey
After Sales	32.0	-0.3	<ul style="list-style-type: none"> • Higher order intake in after sales- and installation-services • Fewer orders received for rotor spare parts • 9 months: growth of spare parts businesses in Turkey, India and China
Components	41.5	-26.7	<ul style="list-style-type: none"> • Regionally broad-based order intake • Restraint placement of major orders in China and India in contrast to the remarkably strong quarter of the previous year
Rieter Group	207.7	+8.9	

1. Market trends and order intake 2016

Dr. Norbert Klapper/
Joris Gröflin

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3. Outlook 2016

Dr. Norbert Klapper

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

Rieter maintains and expands its innovation leadership at ITMA Asia 2016

K 42 compact spinning



- Technology leader
- 10% less energy consumption
- Loss of material minimized
- Large orders concluded in India

RSB-D 50 draw frame



- Unprecedented level of productivity with the highest quality standards
- 33% higher delivery speed
- Launch in Q4 2016

Man-made Fibres



- Man-made fibre expertise demonstrated
- Air-jet spinning machine J 26 with P 26 polyester option

Strategic focus – mid-term targets

Sales	Sales growth above market
EBIT margin¹⁾	~10%
RONA²⁾	~14%
Dividend policy	Target pay-out ratio of at least 40% of net profits

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

- Visibility regarding the trend in demand for textile machinery and components remains limited. The demand is dependent on a number of factors, including the development of yarn prices and raw material prices, the economic and political development in the main sales markets and the financing costs. Rieter does not predict any significant changes to the market environment in the coming months.
- Rieter forecasts a markedly stronger second half-year of 2016 compared to the first half-year, both in terms of sales and profitability. For the whole of 2016, Rieter is expecting sales in the region of CHF 940 million, an operative profitability (EBIT margin) of around 5% to 6% and net profitability of around 3.5% to 4.5% of sales.

Financial Calendar



Publication of the sales figures for the 2016 financial year:	February 1, 2017
Deadline for proposals regarding the agenda of the Annual General Meeting	February 22, 2017
Results media conference and presentation for financial analysts on the 2016 annual financial statements:	March 14, 2017
Annual General Meeting 2017	April 5, 2017
Semi-annual report 2017	July 20, 2017

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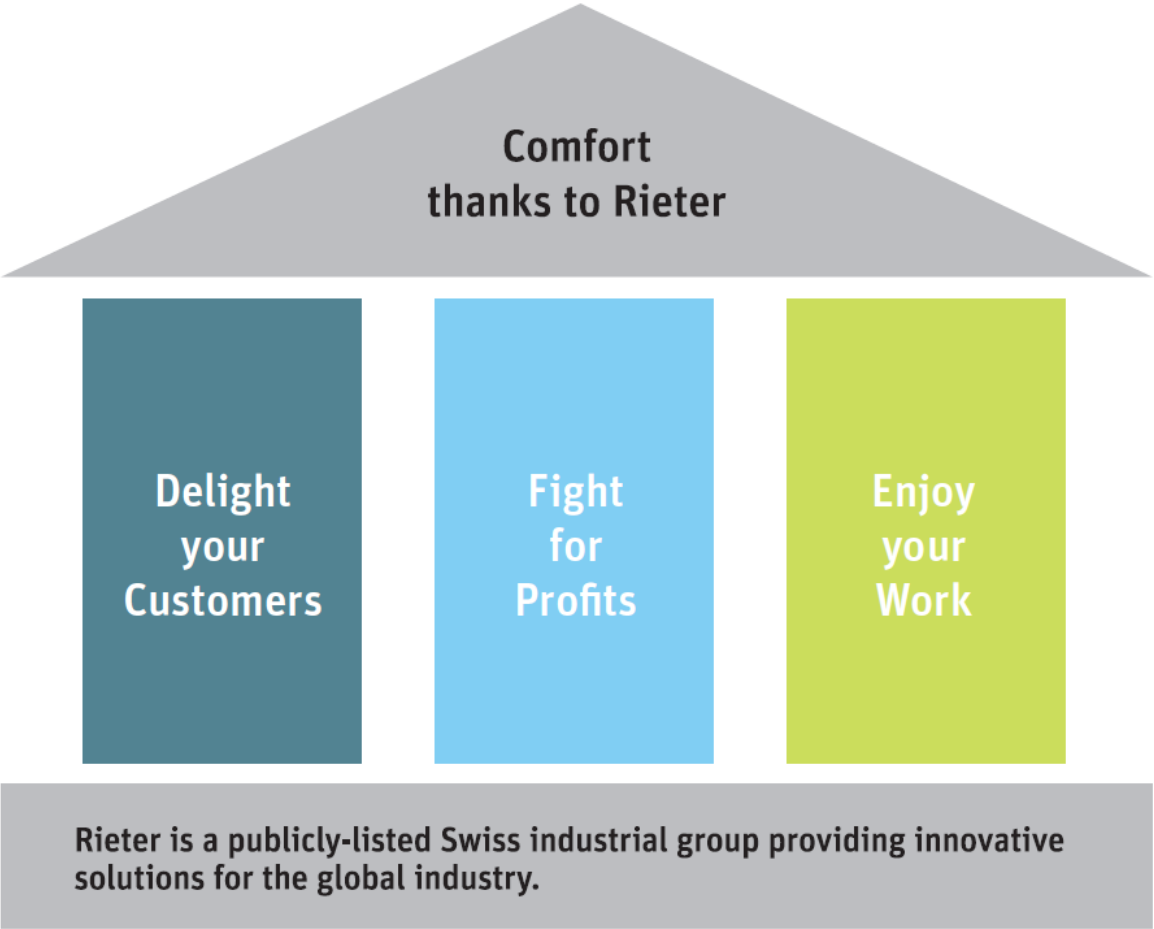
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Values and principles



Rieter – financial key figures



EBITDA profitability at 7.9% of sales and positive Free Cash Flow

mCHF	HY1 2016	HY2 2015	HY1 2015	FY 2015
Order Intake	510.7	413.3	388.3	801.6
Sales	436.9	482.9	553.9	1 036.8
EBITDA	34.4	49.9	66.0	115.9
EBITDA margin (of sales)	7.9%	10.3%	11.9%	11.2%
EBIT	15.7	27.0	46.1	73.1
EBIT margin (of sales)	3.6%	5.6%	8.3%	7.0%
Net profit	11.0	20.7	29.1	49.8
R&D expenditures	24.4	23.7	22.9	46.6
Capex	10.7	24.3	7.3	31.6
Free Cash Flow	4.5	70.1	-5.1	65.0

- Cumulated Q3 2016 order intake at 718.4 million CHF (Q3 2015: 587.1 million CHF)