

**Media Release**

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Winterthur – March 10, 2020

**Financial Year 2019**

- **Order intake up 7% on previous year; orders amounting to CHF 401.6 million booked in fourth quarter 2019 (4th quarter 2018: CHF 119.0 million)**
- **As expected, sales significantly down on previous year, falling by 29% to CHF 760 million**
- **EBIT margin of 11.2% and net profit of 6.9% of sales, non-recurring profit contribution from sale of real estate in Ingolstadt (Germany)**
- **Proposed dividend of CHF 4.50 per share**

In financial year 2019, Rieter recorded an **order intake** of CHF 926.1 million, which was 7% up on the prior-year period (2018: CHF 868.8 million). This development is attributable to a strong fourth quarter, in which Rieter booked orders totaling CHF 401.6 million (4th quarter 2018: CHF 119.0 million). At the end of 2019, the company had an order backlog of about CHF 500 million (December 31, 2018: about CHF 325 million).

In 2019, Rieter Group **sales** amounted to CHF 760.0 million (2018: CHF 1 075.2 million), which corresponds to a decrease of 29% compared to the previous year.

**EBIT Margin, Net Profit and Free Cash Flow**

Rieter generated an **EBIT margin** of 11.2% or CHF 84.9 million (2018: 4.0% or CHF 43.2 million). This includes the non-recurring profit from the sale of real estate in Ingolstadt in the amount of CHF 94.5 million. As a result of the capacity adjustment and cost reduction measures, the number of employees decreased by 11% to 4 591 (December 31, 2018: 5 134).

**Net profit** rose to CHF 52.4 million (6.9% of sales) and thus was significantly higher than in the previous year (2018: CHF 32.0 million or 3.0% of sales). The contribution from the sale of real estate in Ingolstadt had an impact of CHF 67.2 million (EUR 61.6 million) at the net profit level. **Free cash flow** in 2019 was CHF 42.3 million (2018: CHF 63.6 million). Net liquidity rose to CHF 162.1 million (December 31, 2018: CHF 150.2 million). The equity ratio as of December 31, 2019, was 47.8% (prior year balance sheet date: 44.6%).

**Sales by Region**

The reporting year 2019 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. Against this background, sales in the Asian countries (without China, India and Turkey) amounted to CHF 293.5 million

(-32%). In India, sales declined by 32% to CHF 99.9 million. Rieter's sales in Turkey amounted to CHF 66.8 million (-57%).

At CHF 136.7 million, sales in China were 8% down on the previous year. In North and South America, sales declined only slightly to CHF 105.8 million (-3%). In the Europe region, sales fell by 13% to CHF 41.2 million, while in the Africa region, Rieter recorded a decline in sales to CHF 16.1 million (-55%).

### **Business Groups**

In the **Business Group Machines & Systems**, sales of new machines were at a very low level in the 2019 reporting year, falling by 42% to CHF 389.0 million (2018: CHF 669.3 million). The business group posted an EBIT of CHF -50.8 million (2018: CHF -9.7 million). This was due to the lower volume and expenditure on the ongoing innovation program. Machines & Systems received an order intake worth CHF 562.8 million, an increase of 20% compared to the previous year (2018: CHF 468.3 million). This is primarily due to the fourth quarter of 2019, in which an order intake worth CHF 307.0 million was booked. This figure includes orders from Cotton & Textile Industries Holding Company, Cairo (Egypt), for the delivery of ring and compact spinning systems, including installation services, of around CHF 165 million.

The **Business Group Components** recorded a drop in sales of 12% to CHF 230.2 million compared to the prior-year period (2018: CHF 262.3 million). This is attributable to the reluctance to invest in the markets, which primarily affected the business activities of SSM and Suessen. The wear and tear parts business continued at a normal level. At CHF 10.7 million, the business group generated a significantly lower EBIT compared to the previous year (2018: CHF 32.5 million). In addition to lower sales to third parties, this is due to the decline in sales from deliveries to Machines & Systems, which fell by 39% to CHF 52.6 million (2018: CHF 86.2 million). At CHF 222.0 million, order intake at Components was down by 15% compared to the previous year (2018: CHF 260.1 million), primarily in the Business Units SSM and Suessen.

With sales of CHF 140.8 million, the **Business Group After Sales** recorded a slight decline of 2% compared to the previous year (2018: CHF 143.6 million). This is mainly attributable to the lower volume in the machine business and the associated lower demand for installation services. In the spare parts business, After Sales generated sales at the level of the previous year. The business group increased EBIT to CHF 23.2 million (2018: CHF 21.3 million). With an order intake of CHF 141.3 million, After Sales also recorded an increase of 1% compared to the previous year (2018: CHF 140.4 million).

### **Innovations Successfully Launched**

At ITMA 2019 in Barcelona (Spain), Rieter presented a comprehensive range of innovations for all four end spinning systems established on the market. The innovations aim to reduce raw material, energy and labor costs while increasing productivity and flexibility in the spinning mill. The strong demand for innovative solutions since the ITMA 2019 underlines Rieter's technology leadership. Thus, the company has achieved another important milestone in the implementation of the company strategy. The innovation program continues.

### **Ingolstadt Location**

Rieter completed the sale of real estate in Ingolstadt (Germany) to GERCHGROUP AG of Düsseldorf (Germany) on September 13, 2019, which resulted in a one-time contribution of EUR 61.6 million at the net profit level. The Rieter employees in Ingolstadt will move into a new building in 2021.

### **Start of Construction of Rieter CAMPUS at the Winterthur Location**

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 provisionally to start construction work on the Rieter CAMPUS during 2020, subject to receiving the legal building permit in good time.

### **Dividends and Dividend Policy**

At the Annual General Meeting on April 16, 2020, the Board of Directors will propose a dividend of CHF 4.50 per share.

### **Changes to the Group Executive Committee**

Since May 1, 2019, Rieter Group has two new Group Executive Committee members: Kurt Ledermann is Chief Financial Officer and Rico Randegger is Head of the Business Group After Sales.

### **Board of Directors and Annual General Meeting**

At the 128th Annual General Meeting held on April 4, 2019, the shareholders approved all motions proposed by the Board of Directors. The Chairman of the Board Bernhard Jucker and the Directors This E. Schneider, Michael Pieper, Hans-Peter Schwald, Peter Spuhler, Roger Baillod, Carl Illi and Luc Tack were confirmed for a further one-year term of office. This E. Schneider, Hans-Peter Schwald and Bernhard Jucker, the members of the Remuneration Committee who were standing for election, were also each re-elected for a one-year term of office.

### **Outlook**

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.

### **Thanks**

On behalf of the Board of Directors and the Group Executive Committee, we wish to thank all Rieter employees for their commitment in financial year 2019. We wish to thank our customers, suppliers and other business partners for their loyalty to the Rieter Group, and to thank the Rieter shareholders for the trust they have placed in us.

### Telephone Conference for Media and Investors

The telephone conference for media and investors will take place **today, March 10, 2020, at 10.00 am (CET)**.

#### Dial-in details:

Europe	+41 58 310 50 00
UK	+44 207 107 06 13
USA	+1 631 570 56 13
China	+86 400 120 23 19
India	+91 446 688 60 46

### Presentation Material

The Annual Report 2019, media release as well as media- and investor presentation can be found at: <https://www.rieter.com/media/media-kit/>

### Forthcoming Dates

- 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

For further information please contact:

Rieter Holding Ltd.

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### About Rieter

Rieter is the world's leading supplier of systems for short-staple fiber spinning. Based in Winterthur (Switzerland), the company develops and manufactures machinery, systems and components used to convert natural and manmade fibers and their blends into yarns. Rieter is the only supplier worldwide to cover both spinning preparation processes and all four end spinning processes currently established on the market. Furthermore, Rieter is a leader in the field of precision winding machines. With 16 manufacturing locations in ten countries, the company employs a global workforce of some 4 590, about 21% of whom are based in Switzerland. Rieter is listed on the SIX Swiss Exchange under ticker symbol RIEN. [www.rieter.com](http://www.rieter.com)

## Key Figures

CHF million	2019	2018	Change
<b>Rieter</b>			
Order intake	926.1	868.8	7%
Sales	760.0	1 075.2	-29%
EBIT	84.9	43.2	97%
- in % of sales	11.2	4.0	
Net profit	52.4	32.0	64%
- in % of sales	6.9	3.0	
Purchase of property, plant, equipment and intangible assets	31.6	29.2	8%
Total assets at December 31	983.0	1 002.3	-2%
Shareholders' equity before appropriation of retained earnings at December 31	469.6	446.6	5%
Number of employees (excl. temporaries) at December 31	4 591	5 134	-11%
<b>Business Group Machines &amp; Systems</b>			
Order intake	562.8	468.3	20%
Sales	389.0	669.3	-42%
EBIT	-50.8	-9.7	
- in % of sales	-13.1	-1.4	
<b>Business Group Components</b>			
Order intake	222.0	260.1	-15%
Sales	230.2	262.3	-12%
Total segment sales	282.8	348.5	-19%
EBIT	10.7	32.5	
- in % of segment sales	3.8	9.3	
<b>Business Group After Sales</b>			
Order intake	141.3	140.4	1%
Sales	140.8	143.6	-2%
EBIT	23.2	21.3	
- in % of sales	16.5	14.8	
<b>Rieter Holding Ltd.</b>			
Share capital at December 31	23.4	23.4	
Net profit	19.0	24.9	-24%
Dividend	21.0 <sup>1</sup>	22.5	
Number of shares, paid-in at December 31	4 672 363	4 672 363	
Average number of shares outstanding (undiluted)	4 496 460	4 514 846	
Share price (high/low) in CHF	157/122	259/119	
Market capitalization at December 31	623.4	577.1	8%
<b>Data per share</b>			
Basic earnings per share in CHF	11.65	7.07	65%
Equity (Group) in CHF <sup>2</sup>	103.84	99.50	4%
Dividend (Rieter Holding Ltd.) per share in CHF	4.50 <sup>1</sup>	5.00	-10%

1. According to motion of the Board of Directors.

2. Shareholders' equity (Group) attributable to shareholders of Rieter Holding Ltd. per share outstanding at December 31.

### Alternative Performance Measures (APM)

The definitions of the APM used are contained in the Annual Report 2019.

### Disclaimer

All statements in this report which do not refer to historical facts are forecasts which offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors which are outside the company's control. This text is a translation of the original German text.