

Media Release

Ad hoc announcement pursuant to Art. 53 LR

Rieter Holding Ltd.

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Winterthur – July 19, 2022

Market success through technology leadership, profits strongly impacted by significant cost increases and supply chain bottlenecks

- **Order intake of CHF 869.4 million, order backlog of more than CHF 2 100 million**
- **Sales of CHF 620.6 million, preproduced deliveries in the three-digit million range had to be postponed until the second half of 2022**
- **EBIT of CHF -10.2 million, net result of CHF -25.2 million due to significant cost increases, additional costs, and acquisition-related expenses**
- **Action plan to increase sales and profitability**
- **Rieter site Winterthur**
- **Outlook**

Rieter continued to be successful in the market in the first half of 2022. Based on the company's technology leadership, innovative product portfolio and the completion of the ring- and compact-spinning system, a high order intake and a significant increase in sales were generated. The increase in sales was achieved even though preproduced deliveries in the three-digit million range had to be postponed until the second half of 2022. The order backlog is at a record level. Despite higher sales, the significant increase in material and logistics costs, additional costs for compensation of the material shortages and the expenditure incurred for the acquisition in the years 2021/2022 resulted in a loss. Rieter is implementing an action plan to increase sales and profitability. The sales process for the remaining land owned by Rieter was initiated.

Order Intake and Order Backlog

Rieter posted an order intake of CHF 869.4 million, which included CHF 176.6 million from the businesses acquired in the years 2021/2022. As expected, demand has thus returned to normal compared with the exceptionally high figure for the prior-year period, but remains well above the average figure for the last five years of around CHF 570 million (first half 2021: CHF 975.3 million, first half 2022 excluding acquisition effect CHF 692.8 million).

The regional shift in demand with investments in additional spinning capacity outside China along with investments in the competitiveness of Chinese spinning mills continues. Rieter benefits from its technology leadership, the innovative product portfolio and the completion of the ring- and compact-spinning system through the acquisition of the automatic winding machine business. The largest order intakes came from India, Turkey, China, Uzbekistan, and Pakistan.

On June 30, 2022, the company had an order backlog of more than CHF 2 100 million (June 30, 2021: CHF 1 135 million). Cancellations in the reporting period amounted to around 5% of the order backlog.

Sales

The Rieter Group posted sales of CHF 620.6 million, which included CHF 68.9 million from the businesses acquired in the years 2021/2022 (first half 2021: CHF 400.5 million).

As a result, sales were significantly higher than in the prior-year period, although preproduced deliveries, which mainly affected the Business Group Machines & Systems, in the three-digit million range had to be postponed until the second half of 2022. The reasons for the postponements were the COVID lockdown in China and supply chain bottlenecks.

EBIT, Net Result and Free Cash Flow

Rieter posted a loss of CHF -10.2 million at the **EBIT** level in the first half of 2022.

Earnings were impacted by significantly higher material and logistics costs. The price increases already implemented are having a delayed effect, mainly in the Business Group Machines & Systems, and were therefore unable to compensate for the high increase in costs. In addition, costs in connection with material shortages negatively impacted profitability. The result also includes acquisition-related expenses of CHF -11.2 million.

The loss at the **net result** level was CHF -25.2 million, of which CHF -17.6 million was due to the acquisition.

Free cash flow was CHF -57.1 million, attributable to the build-up of inventories in connection with the high order backlog and postponed deliveries.

Action Plan to Increase Sales and Profitability

Rieter is implementing a comprehensive package of measures with the aim of increasing sales and profitability in the second half of 2022.

The package focuses on two main priorities: Firstly, Rieter is continuing to systematically implement price increases while working to improve the quality of margins of the order backlog, so as to compensate for cost increases in materials and logistics.

Secondly, Rieter is working closely with key suppliers and is developing alternative solutions to eliminate material bottlenecks, as far as possible, in order to safeguard deliveries.

Rieter Site Winterthur

The Board of Directors has decided to begin the process for the sale of the remaining land at the Rieter site in Winterthur (Switzerland). In total, around 75 000 m² of land will be sold. The Rieter CAMPUS is not part of this transaction; the construction project is progressing according to plan.

Outlook

As already reported, Rieter expects demand for new systems to normalize further in the coming months. Due to the capacity utilization at spinning mills, the company anticipates that demand for consumables, wear & tear and spare parts will remain at a good level.

For the full year 2022, due to the high order backlog and the consolidation of the businesses acquired from Saurer, Rieter expects sales of around CHF 1 400 million (2021: CHF 969.2 million). The reduced sales forecast compared to early 2022 (March 2022: CHF 1 500 million) reflects the impact of global supply bottlenecks. The realization of sales revenue from the order backlog continues to be associated with risks in relation to the well-known challenges.

Despite significantly higher sales, Rieter expects EBIT and net result for 2022 to be below the previous year's level. This is due to the considerable increases in the cost of materials and logistics, additional costs for compensation of material shortages as well expenses in connection with the acquisition in the years 2021/2022. Despite the price increases already implemented, global cost increases continue to pose a risk to the growth of profitability.

As market and technology leader, Rieter will benefit from the exceptionally high order backlog and the continuation of the regional shift of demand.

Telephone Conference for Media and Investors

The media and investor conference call will be held **today, July 19, 2022, at 9:00 am (CEST)**.

Dial-in details

Europe	+41 58 310 50 00
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China	+86 400 120 23 19
India	+91 446 688 60 46

Presentation Material

The Semi-Annual Report 2022, the media release as well as the media- and investor presentation can be found at: www.rieter.com/media/media-kit/

Forthcoming Dates

- Investor Update 2022 October 21, 2022
- Publication of sales 2022 January 25, 2023
- Deadline for proposals regarding the agenda of the Annual General Meeting February 17, 2023
- Results press conference 2023 March 9, 2023
- Annual General Meeting 2023 April 20, 2023
- Semi-Annual Report 2023 July 20, 2023
- Investor Update 2023 October 20, 2023

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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 18 manufacturing locations in ten countries, the company employs a global workforce of some 5 480, about 16.5% of whom are based in Switzerland. Rieter is listed on the SIX Swiss Exchange under ticker symbol RIEN. www.rieter.com

Order Intake by Business Group

Order Intake CHF million	January – June 2022	January – June 2022 w/o acquisition	January – June 2021	Difference	Difference adjusted ¹
Rieter	869.4	692.8	975.3	-11%	-28%
Machines & Systems	579.3	455.4	714.8	-19%	-36%
Components	180.9	143.9	154.9	17%	-6%
After Sales	109.2	93.5	105.6	3%	-10%

¹ Adjusted for currency and acquisition effects

Sales by Business Group

Sales CHF million	January – June 2022	January – June 2022 w/o acquisition	January – June 2021	Difference	Difference adjusted ¹
Rieter	620.6	551.7	400.5	55%	39%
Machines & Systems	383.8	357.7	218.9	75%	63%
Components	159.9	123.4	112.4	42%	12%
After Sales	76.9	70.6	69.2	11%	4%

¹ Adjusted for currency and acquisition effects

Sales by Region

Sales by Region CHF million	January – June 2022	January – June 2021	Difference	Difference in local currency	Difference adjusted ¹
Rieter	620.6	400.5	55%	57%	39%
Asian countries ²	184.7	137.0	35%	36%	30%
China	76.8	68.5	12%	12%	-9%
India	68.6	51.0	35%	38%	31%
Turkey	129.4	59.8	116%	120%	117%
North and South America	84.0	59.8	40%	41%	33%
Europe	64.0	18.0	256%	277%	44%
Africa	13.1	6.4	105%	103%	97%

¹ Adjusted for currency and acquisition effects

² Excluding China, India, and Turkey

Key Figures

CHF million	January – June 2022	January – June 2021	Difference
Rieter			
Order intake	869.4	975.3	-11%
Sales	620.6	400.5	55%
Operating result before interest, taxes, depreciation, and amortization (EBITDA)	15.6	27.1	
- in % of sales	2.5%	6.8%	
Operating result before interest, taxes, and amortization (EBITA)	-3.0	12.2	
- in % of sales	-0.5%	3.0%	
Operating result before interest and taxes (EBIT)	-10.2	9.0	
- in % of sales	-1.6%	2.2%	
Net result	-25.2	5.3	
- in % of sales	-4.1%	1.3%	
Basic earnings per share (CHF)	-5.62	1.19	
Purchase of property, plant and equipment, and intangible assets	19.0	10.1	
Free cash flow	-57.1	53.2	
Net liquidity at the end of the reporting period	-237.0	98.8	
Equity in % of total assets at the end of the reporting period	21.3%	35.3%	
Number of employees (excluding temporaries) at the end of the reporting period	5 479	4 385	
Business Group Machines & Systems			
Order intake	579.3	714.8	-19%
Sales	383.8	218.9	75%
Operating result before interest, taxes, and amortization (EBITA)	-28.9	-12.2	
- in % of sales	-7.5%	-5.6%	
Operating result before interest and taxes (EBIT)	-30.2	-12.2	
- in % of sales	-7.9%	-5.6%	
Business Group Components			
Order intake	180.9	154.9	17%
Sales	159.9	112.4	42%
Total segment sales	219.8	154.1	43%
Operating result before interest, taxes, and amortization (EBITA)	17.0	16.3	
- in % of segment sales	7.7%	10.6%	
Operating result before interest and taxes (EBIT)	12.1	13.4	
- in % of segment sales	5.5%	8.7%	
Business Group After Sales			
Order intake	109.2	105.6	3%
Sales	76.9	69.2	11%
Operating result before interest, taxes, and amortization (EBITA)	9.2	9.2	
- in % of sales	12.0%	13.3%	
Operating result before interest and taxes (EBIT)	8.4	9.1	
- in % of sales	10.9%	13.2%	

Alternative Performance Measures (APM)

The definitions of the APM used are contained in the Annual Report 2021. The newly introduced key performance measure "Operating result before interest, taxes, and amortization (EBITA)" is shown accordingly in the Semi-Annual Report 2022.

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.