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Semi-Annual Report

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KEY FIGURES

CHF million	January – June 2020	January – June 2019	Change
Rieter			
Order intake	250.7	378.3	-34%
Sales	254.9	416.1	-39%
Operating result before interest, taxes, depreciation and amortization (EBITDA)	-36.1	18.3	
• in % of sales	-14.2%	4.4%	
EBIT before restructuring charges	-46.9	-1.6	
• in % of sales	-18.4%	-0.4%	
Operating result before interest and taxes (EBIT)	-55.0	-1.2	
• in % of sales	-21.6%	-0.3%	
Net profit	-54.4	-3.8	
• in % of sales	-21.3%	-0.9%	
Basic earnings per share (CHF)	-12.11	-0.85	
Purchase of property, plant and equipment, and intangible assets	13.7	12.0	
Free cash flow	-95.4	-23.4	
Net liquidity at the end of the reporting period	36.0	97.6	
Equity in % of total assets at the end of the reporting period	37.9%	45.7%	
Number of employees (excluding temporaries) at the end of the reporting period	4 573	4 743	-4%
Business Group Machines & Systems			
Order intake	129.2	196.2	-34%
Sales	119.9	220.8	-46%
EBIT before restructuring charges	-39.9	-22.7	
• in % of sales	-33.3%	-10.3%	
Operating result before interest and taxes (EBIT)	-40.8	-23.8	
• in % of sales	-34.0%	-10.8%	
Business Group Components			
Order intake	76.7	115.8	-34%
Sales	87.7	123.3	-29%
Total segment sales	113.1	148.4	-24%
EBIT before restructuring charges	-1.6	6.5	
• in % of segment sales	-1.4%	4.4%	
Operating result before interest and taxes (EBIT)	-8.7	6.4	
• in % of segment sales	-7.7%	4.3%	
Business Group After Sales			
Order intake	44.8	66.3	-32%
Sales	47.3	72.0	-34%
EBIT before restructuring charges	-5.2	12.4	
• in % of sales	-11.0%	17.2%	
Operating result before interest and taxes (EBIT)	-5.1	12.3	
• in % of sales	-10.8%	17.1%	

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Bernhard Jucker
Chairman of the Board of Directors

Dr. Norbert Klapper
Chief Executive Officer

FIRST HALF OF 2020 SEVERELY IMPACTED BY COVID-19

- Order intake of CHF 250.7 million down 34% on previous year
- Sales of CHF 254.9 million 39% below first half of 2019
- EBIT of CHF -55.0 million, before restructuring charges of CHF -46.9 million
- Implementation of COVID crisis management and restructuring according to plan
- Stronger second half of 2020 expected
- Continuous implementation of the strategy
- Change in the Group Executive Committee

DEAR SHAREHOLDER

As reported on May 28, 2020, COVID-19 had a major impact on Rieter's business in the first half of 2020.

The COVID-19 pandemic led to a market situation where demand for the goods and services of all three business groups decreased significantly. The Business Group Machines & Systems is affected by the deferral by customers of investments and scheduled deliveries. At the same time, the demand for wear & tear and spare parts declined sharply, due to the suspension of production in many spinning mills around the world. This is reflected in the low order intake and sales of the Business Groups Components and After Sales. Hence, this exceptional market situation gave rise to losses in all three business groups in the first half of 2020.

The Rieter Group posted an order intake of CHF 250.7 million. This corresponds to a reduction of 34% (first half year 2019: CHF 378.3 million). Order intake in the Business Group Machines & Systems declined by 34%, it also fell by 34% in the Business Group Components and by 32% in the Business Group After Sales. The order backlog as of June 30, 2020, was around CHF 490 million (June 30, 2019: CHF 295 million). Cancellations were less than 5%.

Sales amounted to CHF 254.9 million (first half year 2019: CHF 416.1 million), which represents a decline of 39% compared to the previous year period. At Machines & Systems, sales decreased by 46%. This was due to the low order intake in the first three quarters of the previous year and deferred deliveries. Sales fell by 29% at Components and by 34% at After Sales.

CHF million	January – June 2020	January – June 2019	Change	Change in local currency
Sales	254.9	416.1	-39%	-38%
Asian countries ¹	87.4	165.4	-47%	-47%
China	37.0	72.6	-49%	-47%
India	17.7	66.7	-73%	-72%
Turkey	51.1	24.5	109%	110%
North and South America	30.9	54.8	-44%	-42%
Europe	23.6	23.1	2%	4%
Africa	7.2	9.0	-20%	-20%

¹ Excluding China, India and Turkey

EBIT, NET PROFIT, FREE CASH FLOW AND NET LIQUIDITY

The cost cutting measures already implemented contributed among other things to a reduction in Selling, General and Administrative (SG&A) expenses of around CHF 10 million. Nevertheless, due to the lower volume, Rieter recorded a loss of CHF -55.0 million (before restructuring charges: CHF -46.9 million) at the EBIT level and a loss of CHF 54.4 million at the net profit level. Due to the buildup of inventories for deliveries in the second half of the year and the loss already mentioned, free cash flow was CHF -95.4 million.

As of June 30, 2020, Rieter had net liquidity of CHF 36.0 million, liquid funds of CHF 253.5 million and undrawn credit lines in the mid three-digit million range.

REGIONS

With the exception of Turkey, sales in all regions were marked by the COVID-19 pandemic. In India, sales declined to CHF 17.7 million due to the lockdown, a fall of

73% compared to the first half of 2019. In the Asian countries, China and North and South America, sales decreased by between 44% and 49% compared to the first half of 2019. In Africa, sales declined by 20%. Europe was slightly above the prior year level. With sales of CHF 51.1 million in the first half of 2020, Turkey showed a significant improvement on the previous year's very low level (first half year 2019: CHF 24.5 million). This upswing was also associated with the innovations that Rieter presented at ITMA in Barcelona in June 2019.

BUSINESS GROUPS

Due to the exceptional market situation, **Machines & Systems** posted an order intake of CHF 129.2 million (first half year 2019: CHF 196.2 million). The sales declined to CHF 119.9 million (first half year 2019: CHF 220.8 million). At the EBIT level before restructuring charges, Machines & Systems recorded a loss of CHF 39.9 million (first half year 2019: CHF -22.7 million), due to the low volume combined with the ongoing innovation program.

CHF million	January – June 2020	January – June 2019	Change	Change in local currency
Order intake	250.7	378.3	-34%	-33%
Machines & Systems	129.2	196.2	-34%	-33%
Components	76.7	115.8	-34%	-32%
After Sales	44.8	66.3	-32%	-31%
Sales	254.9	416.1	-39%	-38%
Machines & Systems	119.9	220.8	-46%	-45%
Components	87.7	123.3	-29%	-27%
After Sales	47.3	72.0	-34%	-33%

At **Components**, order intake amounted to CHF 76.7 million (first half year 2019: CHF 115.8 million). The sales fell to CHF 87.7 million (first half year 2019: CHF 123.3 million). As a consequence, Components posted a loss before restructuring charges of CHF 1.6 million (first half year 2019: CHF +6.5 million).

After Sales recorded an order intake of CHF 44.8 million (first half year 2019: CHF 66.3 million). The sales declined to CHF 47.3 million (first half year 2019: CHF 72.0 million). This resulted in a loss before restructuring charges of CHF 5.2 million (first half year 2019: CHF +12.4 million).

IMPLEMENTATION OF COVID CRISIS MANAGEMENT AND RESTRUCTURING ACCORDING TO PLAN

Rieter has implemented comprehensive COVID crisis management. Priority is being given to protecting employees, fulfilling customer commitments and ensuring liquidity. The necessary measures to protect employees have been implemented worldwide and the order backlog is being processed largely as planned.

In January 2020, Rieter reported on structural changes in Switzerland, Germany, the Czech Republic and the Netherlands, which are being implemented as planned. Rieter has introduced 40% short-time working in Switzerland and Germany for the third quarter of 2020. Similar measures will be implemented worldwide within the scope of the available legal options.

The decision regarding whether to apply for an extension of short-time working for the fourth quarter of 2020 will be made in September 2020.

STRONGER SECOND HALF OF 2020 EXPECTED

Rieter noted signs of a market recovery in June 2020. Rieter monitors capacity utilization at more than 600 spinning mills around the world. At the beginning of April 2020, the proportion of producing spinning mills was around 40%. By the end of June 2020, this proportion had improved to around 80%.

Based on the order backlog of approximately CHF 490 million, an improved cost base and the signs of market recovery mentioned above, Rieter expects a stronger second half of 2020 compared to the first half of the year in terms of sales and profitability.

Rieter refrains from providing specific information for the full year 2020 due to the ongoing uncertainty and the still low level of visibility.

CONTINUOUS IMPLEMENTATION OF THE STRATEGY

In recent years, Rieter has consistently implemented the strategy based on the cornerstones of innovation leadership, strengthening the components, spare parts and services businesses, and adjusting cost structures. The company will forge ahead with the strategy in the coming months, with a view to strengthening its market position for the time after the COVID-19 pandemic.

Rieter received the building permit for the CAMPUS project in June 2020. The company plans to build a new Customer and Technology Center and an administration building on an area of 30 000 m² at the current site in Winterthur – the Rieter CAMPUS. The project is a key element of Rieter's innovation strategy. Depending on the market situation, construction work will begin in the first half year of 2021.

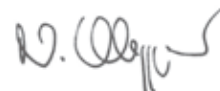
CHANGE IN THE GROUP EXECUTIVE COMMITTEE

Carsten Liske, Head of the Business Group Machines & Systems and member of the Group Executive Committee since 2015, is to leave the Group Executive Committee in July 2021 to pursue a career opportunity outside the Rieter Group. The Board of Directors wishes to express its gratitude to Carsten Liske in advance for his many years of valuable service and his major contribution to the further development of Rieter. Details about succession arrangements shall be provided in due course.

Winterthur, July 16, 2020



Bernhard Jucker
Chairman
of the Board of Directors



Dr. Norbert Klapper
Chief Executive Officer

FINANCIAL CALENDAR

Trading Update 2020	October 23, 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

CONSOLIDATED INCOME STATEMENT

		January – June 2020		January – June 2019	
	Notes	CHF million	% ¹	CHF million	% ¹
Sales	(4)	254.9	100.0	416.1	100.0
Cost of sales		-190.9	-74.9	-303.8	-73.0
Gross margin		64.0	25.1	112.3	27.0
Research and development expenses		-27.8	-10.9	-26.5	-6.4
Selling, general and administrative expenses		-88.3	-34.6	-98.6	-23.7
Other income and expenses (net)	(5)	-2.9	-1.1	11.6	2.8
Operating result before interest and taxes (EBIT)	(2.2)	-55.0	-21.6	-1.2	-0.3
Financial result		-1.0		-1.0	
Profit before taxes		-56.0	-22.0	-2.2	-0.5
Income taxes		1.6		-1.6	
Net profit		-54.4	-21.3	-3.8	-0.9
Attributable to shareholders of Rieter Holding Ltd.		-54.4		-3.8	
Attributable to non-controlling interests		0.0		0.0	
Basic earnings per share (CHF)		-12.11		-0.85	
Diluted earnings per share (CHF)		-12.11		-0.85	

1. In % of sales.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CHF million	January – June 2020	January – June 2019
Net profit	-54.4	-3.8
Remeasurement of defined benefit plans	0.5	5.3
Income taxes on remeasurement of defined benefit plans	-0.1	-1.1
Changes in fair values of financial assets	-0.1	-0.1
Items that will not be reclassified to the income statement, net of taxes	0.3	4.1
Currency translation differences	-13.0	-2.5
Income taxes on currency translation differences	0.1	0.1
Cash flow hedges	-0.9	0.1
Income taxes on cash flow hedges	0.2	0.0
Items that may be reclassified to the income statement, net of taxes	-13.6	-2.3
Total other comprehensive income	-13.3	1.8
Total comprehensive income	-67.7	-2.0
Attributable to shareholders of Rieter Holding Ltd.	-67.7	-2.0
Attributable to non-controlling interests	0.0	0.0

CONSOLIDATED BALANCE SHEET

CHF million	June 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	252.7	284.1
Marketable securities and time deposits	0.8	0.9
Trade receivables	67.6	68.2
Current income tax receivables ¹	5.1	6.9
Other current receivables ¹	31.3	24.2
Inventories	238.1	182.9
Current assets	595.6	567.2
Property, plant and equipment	200.2	209.7
Intangible assets and goodwill	91.1	93.6
Investments in associated companies	16.4	16.2
Defined benefit plan assets	58.6	62.7
Deferred income tax assets	24.4	24.1
Other non-current assets	8.1	9.5
Non-current assets	398.8	415.8
Assets	994.4	983.0
Liabilities and shareholders' equity		
Trade payables	70.6	68.9
Advance payments from customers	88.4	69.3
Other current liabilities	87.8	85.2
Current provisions	29.1	28.3
Current financial debt	212.1	121.0
Current income tax liabilities	26.6	38.0
Current liabilities	514.6	410.7
Non-current provisions	31.6	32.9
Non-current financial debt	5.4	1.9
Defined benefit plan liabilities	33.4	33.2
Deferred income tax liabilities	31.7	34.6
Other non-current liabilities	0.7	0.1
Non-current liabilities	102.8	102.7
Liabilities	617.4	513.4
Equity attributable to shareholders of Rieter Holding Ltd.	376.7	468.8
Equity attributable to non-controlling interests	0.3	0.8
Shareholders' equity	377.0	469.6
Liabilities and shareholders' equity	994.4	983.0

1. The comparative period (December 31, 2019) has been adjusted due to the separate presentation of current income tax receivables as of January 1, 2020.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF million	January – June 2020	January – June 2019
Total shareholders' equity at January 1	469.6	446.6
Total comprehensive income	-67.7	-2.0
Distribution of a dividend	-20.1	-22.5
Changes in non-controlling interests	-0.6	-
Changes in treasury shares (including share-based compensation)	-4.2	2.2
Total shareholders' equity at June 30	377.0	424.3

CONSOLIDATED CASH FLOW STATEMENT

CHF million	January – June 2020	January – June 2019
Net profit	-54.4	-3.8
Interest expenses/interest income	1.7	1.3
Income taxes	-1.6	1.6
Depreciation of property, plant and equipment and amortization of intangible assets	18.9	19.5
Other non-cash expenses and income	3.2	1.2
Change in net working capital, other	-39.1	-39.4
Interest paid/received	-0.5	-0.2
Income taxes paid	-11.7	-4.2
Cash flow from operating activities	-83.5	-24.0
Purchase of property, plant and equipment, and intangible assets	-13.7	-12.0
Proceeds from disposals of property, plant and equipment	0.4	1.9
Proceeds from disposal of assets classified as held for sale	0.0	10.7
Proceeds from disposals/purchase of other non-current assets	1.4	0.0
Cash flow from investing activities	-11.9	0.6
Dividend paid to shareholders of Rieter Holding Ltd.	-20.1	-22.5
Purchase/sale of treasury shares	-5.8	0.4
Proceeds from financial debt	112.4	13.9
Repayments of financial debt	-18.5	-1.2
Cash flow from financing activities	68.0	-9.4
Currency effects on cash and cash equivalents	-4.0	-1.6
Change in cash and cash equivalents	-31.4	-34.4
Cash and cash equivalents at January 1	284.1	256.2
Cash and cash equivalents at June 30	252.7	221.8

NOTES TO THE CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS

1 BASIS FOR PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated semi-annual financial statements of Rieter Holding Ltd. and its subsidiaries (“Rieter” or “Rieter Group”) have been prepared in accordance with “IAS 34 Interim Financial Reporting”. They are based on the financial statements of the individual group companies prepared in accordance with Rieter’s uniform accounting policies as of June 30, 2020. The significant accounting policies summarized in the 2019 annual report have been amended in the first half year of 2020 in accordance with the new and revised IFRS Standards and Interpretations. The

implementation of these changes in IFRS had no material impact on the consolidated semi-annual financial statements.

The consolidated semi-annual financial statements have not been audited by the statutory auditor. The consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement are presented in condensed form.

The following foreign exchange rates of importance for Rieter were used in the preparation of the consolidated semi-annual financial statements as well as for the financial statements of group companies:

Country/region	Currency (unit)	Average period CHF rates		Period-end CHF rates	
		January – June 2020	January – June 2019	June 30, 2020	December 31, 2019
China	CNY 100	13.73	14.73	13.45	13.88
Czech Republic	CZK 100	4.04	4.40	3.98	4.27
Euro countries	EUR 1	1.06	1.13	1.07	1.09
India	INR 100	1.30	1.43	1.26	1.35
USA	USD 1	0.97	1.00	0.95	0.97

2 SIGNIFICANT EVENTS

2.1 COVID-19

On March 11, 2020, the World Health Organization (WHO) announced that the outbreak of the novel coronavirus (COVID-19) could be characterized as a pandemic due to its rapid spread worldwide. To address the negative consequences of COVID-19, Rieter has implemented comprehensive crisis management. Priorities are being given to protecting employees, fulfilling customer commitments and ensuring liquidity.

Due to the uncertainty in the financial markets and to ensure the payback of the CHF 100 million bond in September 2020, Rieter drew down bank loans in the amount of CHF 100.4 million with a one year term between March and June 2020. In addition, the bilaterally committed credit facilities with selected banks were increased from CHF 175 million to CHF 225 million (maturity in October 2022). These credit facilities have not been utilized to date.

The pandemic has a significant impact on the global economic environment. In light of these changes, Rieter has reviewed the areas involving significant accounting estimates and key judgments (see note 1.3 in the 2019 consolidated financial statements). The assumptions and the financial plan underlying the impairment test for the goodwill and the intangible assets allocated to SSM (see note 4.5 in the 2019 consolidated financial statements) have been reviewed as of June 30, 2020. There was no impairment loss as a result of the review. In addition, the pandemic had no material impact on the remaining significant accounting estimates and key judgments.

Management has conducted an assessment to identify whether Rieter’s property, plant and equipment may be impaired at June 30, 2020. Whilst some adverse developments due to the pandemic have affected Rieter, management concluded that there was no triggering event for impairment testing of property, plant and equipment.

The review of expected credit losses associated with trade receivables did not result in significant additional allowances. Finally, management has assessed the impact of COVID-19 on other areas (e.g. review of supplier agreements and government grants). No material effect has been identified on any of the respective balance sheet line items at June 30, 2020.

2.2 RESTRUCTURING

On January 29, 2020, Rieter announced capacity adjustment measures at various sites in Europe. The respective restructuring

charges amounted to CHF 8.1 million in the first half of 2020. They primarily affected locations in Germany and Switzerland.

In the first half of 2019, the reassessment of restructuring provisions based on the progress of the respective projects resulted in a total reversal of CHF 4.1 million. At the same time, restructuring costs related to severance payments and other expenses (CHF 2.7 million) as well as impairment losses related to property, plant and equipment (CHF 1.0 million), all connected to capacity adjustments and cost reduction measures as communicated in March 2019, were recognized.

The following table presents the operating result before interest and taxes (EBIT) of Rieter Group before and after restructuring charges:

CHF million	January – June 2020	January – June 2019
Operating result before restructuring charges, interest and taxes (EBIT before restructuring charges)	-46.9	-1.6
Restructuring charges	-8.1	0.4
Operating result before interest and taxes (EBIT)	-55.0	-1.2

The breakdown of EBIT before restructuring charges by reportable segments is as follows:

CHF million	January – June 2020	January – June 2019
Machines & Systems	-39.9	-22.7
Components	-1.6	6.5
After Sales	-5.2	12.4
Others ¹	-0.2	2.2
Operating result before restructuring charges, interest and taxes (EBIT before restructuring charges)	-46.9	-1.6

1. Includes the result which cannot be allocated to reportable segments (see note 3).

Restructuring charges as presented in the table above consist of the following line items:

CHF million	January – June 2020	January – June 2019
Restructuring costs, Machines & Systems	-0.9	-1.4
Impairment losses on property, plant and equipment, Machines & Systems	-0.1	-0.2
Reversal of restructuring provisions, Machines & Systems	0.1	0.5
Restructuring costs, Components	-7.1	-0.1
Restructuring costs, After Sales	-	-0.2
Impairment losses on property, plant and equipment, After Sales	-	-0.2
Reversal of restructuring provisions, After Sales	0.1	0.3
Restructuring costs, Corporate	-0.2	-1.0
Impairment losses on property, plant and equipment, Corporate	-	-0.6
Reversal of restructuring provisions, Corporate	-	3.3
Total restructuring charges	-8.1	0.4

Restructuring charges consist of personnel expenses, impairment losses on property, plant and equipment and intangible assets as

well as other costs associated with restructuring measures. In addition, reversals of restructuring provisions are included.

3 SEGMENT INFORMATION

Segment information is based on the Group's organization and management structure and internal financial reporting to the Chief Operating Decision Maker up to the level of EBIT. The Chief Operating Decision Maker at Rieter is the Chief Executive Officer. Segment reporting is based on the same accounting policies as those used for the preparation of the consolidated financial statements. The Group consists of three reportable segments: Machines & Systems, Components and After Sales. There is no

aggregation of operating segments. Rieter Machines & Systems develops and manufactures machinery and systems for processing natural and man-made fibers and their blends into yarns. Rieter Components supplies technology components to spinning mills and to textile machinery manufacturers as well as precision winding machines. Rieter After Sales serves Rieter customers with spare parts, value-adding after sales services and solutions over the entire product life cycle.

Segment information January – June 2020

CHF million	Machines & Systems	Components	After Sales	Total reportable segments
Total segment sales	119.9	113.1	47.3	280.3
Inter-segment sales ¹	0.0	25.4	0.0	25.4
Sales to third parties ²	119.9	87.7	47.3	254.9
Operating result before interest and taxes (EBIT)	-40.8	-8.7	-5.1	-54.6
Purchase of property, plant and equipment, and intangible assets	3.3	5.8	0.2	9.3
Depreciation of property, plant and equipment and amortization of intangible assets	5.3	9.8	0.4	15.5

Segment information January – June 2019

CHF million	Machines & Systems	Components	After Sales	Total reportable segments
Total segment sales	220.8	148.4	72.0	441.2
Inter-segment sales ¹	0.0	25.1	0.0	25.1
Sales to third parties ²	220.8	123.3	72.0	416.1
Operating result before interest and taxes (EBIT)	-23.8	6.4	12.3	-5.1
Purchase of property, plant and equipment, and intangible assets	3.0	3.4	0.2	6.6
Depreciation of property, plant and equipment and amortization of intangible assets	5.0	9.8	0.5	15.3

1. Inter-segment sales conducted at arms' length.

2. Equal to sales in the consolidated income statement.

Reconciliation of segment results

CHF million	January – June 2020	January – June 2019
Operating result before interest and taxes (EBIT) of reportable segments	-54.6	-5.1
Result which cannot be allocated to reportable segments	-0.4	3.9
Operating result before interest and taxes (EBIT), Rieter Group	-55.0	-1.2
Financial result	-1.0	-1.0
Profit before taxes	-56.0	-2.2

The result which cannot be allocated to reportable segments includes all those elements of income and expenses which cannot be allocated on a reasonable basis to the segments, such as

certain costs of central functions and infrastructure (internally reported as "Corporate") as well as the elimination of unrealized profits on inter-segment deliveries.

In the first half of 2020, the result which cannot be allocated to the reportable segments contains restructuring costs amounting to CHF 0.2 million. In the first half of 2019, restructuring costs (CHF 1.0 million) and impairment losses (CHF 0.6 million), both

connected to capacity adjustments and cost reduction measures (see note 2.2), as well as a part of the income from the reversal of restructuring provisions (CHF 3.3 million), were included in the respective result.

4 SALES

Sales are divided into the following categories:

CHF million	January – June 2020	January – June 2019
Sales of products	241.5	394.4
Sales of services	13.4	21.7
Total sales	254.9	416.1

Revenue from sales of services is mainly incurred at Rieter After Sales.

5 OTHER INCOME AND EXPENSES (NET)

CHF million	January – June 2020	January – June 2019
Rental income	1.5	1.3
Gain on disposals of property, plant and equipment	0.2	1.7
Reversal of restructuring provisions ¹	0.2	4.1
Foreign exchange differences (net)	0.8	0.1
Miscellaneous other income	4.0	8.1
Total other income	6.7	15.3
Restructuring costs ¹	-8.2	-2.7
Impairment losses on property, plant and equipment ¹	-0.1	-1.0
Miscellaneous other expenses	-1.3	-
Total other expenses	-9.6	-3.7
Total other income and expenses (net)	-2.9	11.6

1. The impact of restructuring measures is presented in note 2.2.

Miscellaneous other income includes income which is not presented as sales, such as proceeds from the disposal of materials

for recycling purposes and income from export incentive schemes.

6 CHANGES IN GROUP STRUCTURE

There was no change in the Group structure in the period under review. In the period January to June 2019, Rieter divested the

subsidiary RiRe Ltd. (Vaduz, Liechtenstein) with an insignificant impact on the consolidated semi-annual financial statements.

7 FINANCIAL INSTRUMENTS

The following table shows all financial instruments which are measured at fair value, grouped according to the categories defined in the accounting policies:

CHF million		June 30, 2020	December 31, 2019
Marketable securities	Assets, level 1	0.3	0.4
Other financial assets	Assets, level 2	0.7	0.7
Derivative financial instruments (positive fair values)	Assets, level 2	4.8	2.0
Derivative financial instruments (negative fair values)	Liabilities, level 2	4.9	1.0

There were no transfers among the categories and the valuation techniques have been applied consistently.

On June 30, 2020, financial debt measured at amortized cost includes a fixed-rate bond with a carrying amount of CHF 100.0 million (December 31, 2019: CHF 99.9 million) and a fair value of CHF 98.9 million (December 31, 2019: CHF 101.1 million). The bond is listed on the SIX Swiss Exchange and is included in the balance sheet line item "Current financial debt".

Between March and June 2020, Rieter drew down bank loans in the amount of EUR 95.0 million (CHF 100.4 million) with a term of one year (see note 2.1). The respective loans are classified as financial debt measured at amortized cost. They are included in the balance sheet line item "Current financial debt" on June 30, 2020.

The carrying amounts of the financial instruments measured at amortized cost approximate fair values due to their mainly short-term nature (with the exception of non-current lease liabilities).

8 EVENTS AFTER BALANCE SHEET DATE

The 2020 semi-annual report was approved for publication by the Board of Directors on July 15, 2020. No events have occurred up to July 15, 2020, which would necessitate adjustments to the carrying amounts of the Group's assets or liabilities.

Rieter has introduced 40% short-time working in Switzerland and Germany for the third quarter of 2020. Similar measures will be implemented worldwide within the scope of the available legal options. The decision regarding whether to apply for an extension of short-time working for the fourth quarter of 2020 will be made in September 2020.

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.

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