

Media Release

Rieter Holding Ltd.
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Winterthur – March 9, 2021

Financial Year 2020

- **Sharp decline in demand in the 2020 financial year due to the COVID-19 pandemic**
- **Market recovery in the second half of 2020**
- **Order intake of CHF 640.2 million, sales of CHF 573.0 million, EBIT margin of -14.7% and net profit of -15.7% of sales in financial year 2020**
- **Successful crisis management and consistent strategy implementation**
- **No dividend proposed for the 2020 financial year**
- **Outlook – market recovery continues**

As a consequence of the COVID-19 pandemic, Rieter closed the 2020 financial year with **sales** of CHF 573.0 million, which corresponds to a decrease of 25% compared to the previous year (2019: CHF 760.0 million). Due to the low sales volume, a loss of CHF 84.4 million was recorded at the EBIT level while at the net profit level the loss was CHF 89.8 million. In view of the loss in the 2020 financial year, the Board of Directors proposes that shareholders waive the payment of a dividend for 2020.

Order intake of CHF 640.2 million in the 2020 financial year was 31% down on the previous year (2019: CHF 926.1 million). Following the significant slump in demand in the second quarter of 2020 (CHF 45.7 million), order intake recovered in the third quarter (CHF 174.4 million) and improved further in the fourth quarter (CHF 215.1 million).

At the end of 2020, the company had an order backlog of about CHF 560 million (December 31, 2019: about CHF 500 million).

EBIT, Net Profit and Free Cash Flow

The loss at the **EBIT** level in the 2020 financial year was CHF 84.4 million, which corresponds to 14.7% of sales. At the **net profit** level, a loss of CHF 89.8 million was reported, i.e. 15.7% in relation to sales. The loss is a consequence of the reduced sales of CHF 573.0 million. Through short-time working compensation, reduced vacation and time credits and salary waivers, Rieter saved around CHF 12 million in costs in 2020. However, this was far from sufficient to compensate for the missing sales volume.

Free cash flow in 2020 was CHF -74.8 million (2019: CHF 42.3 million). Net liquidity declined to CHF 41.3 million (December 31, 2019: CHF 162.1 million). The equity ratio as of December 31, 2020, was 36.4% (previous year's reporting date: 47.8%).

Sales by Region

With the exception of Turkey and Africa, all regions were affected by the low demand as a consequence of the COVID-19 pandemic. In Turkey, thanks to the innovative range of products and services, Rieter benefited from customers' willingness to invest in the year under review, increasing sales by 83% to CHF 122.0 million. In the Asian countries (excluding China, India and Turkey), compared to the previous year sales fell by 37% to CHF 184.8 million, in China by 32% to CHF 92.8 million, in India by 49% to CHF 50.8 million, in North and South America by 37% to CHF 66.4 million and in Europe by 7% to CHF 38.4 million. In Africa, with sales of CHF 17.8 million a year-on-year increase of 11% was recorded.

Business Groups

Sales of the Business Group **Machines & Systems** amounted to CHF 295.8 million in 2020, which corresponds to a decrease of 24% compared to the previous year. Due to the low volume and taking into account the expenditure on the ongoing innovation program, the business group recorded a loss of CHF 72.4 million at the EBIT level. Order intake in the reporting year was CHF 363.9 million (-35% compared to the previous year).

The Business Group **Components** with sales of CHF 174.3 million (-24% compared to the previous year) achieved a profit of CHF 1.4 million at the EBIT level before restructuring charges. EBIT after restructuring charges was CHF -5.5 million. The order intake with CHF 169.1 million (-24% compared to the previous year) was just below sales.

The Business Group **After Sales** achieved sales of CHF 102.9 million (-27% compared to the previous year) and a positive EBIT of CHF 1.8 million. Order intake was CHF 107.2 million (-24% compared to the previous year). Over 60% of spinning mills were shut down in the second quarter of 2020, with a corresponding impact on the demand for spare parts.

Crisis Management

At the outbreak of the COVID-19 pandemic in the first quarter of 2020, Rieter put a comprehensive crisis management program into effect. Protective measures for employees were implemented at all Rieter locations worldwide, the effectiveness of which has been shown in countries badly affected by the pandemic, such as India and the Czech Republic.

Rieter made major efforts to avoid or compensate for disruptions in the supply chain and to ensure service in the field. This allowed the promised deliveries to take place almost on schedule while customers received largely seamless support.

To safeguard the liquidity of the company, Rieter made use of additional credit lines totaling around CHF 130 million between March and November 2020. In September 2020, as planned, Rieter repaid the bond issued in 2014 in the amount of CHF 100 million, and in August 2020 successfully placed a new bond in the amount of CHF 75 million.

Immediately after the outbreak of the pandemic, Rieter reacted to the lower capacity utilization of its own facilities, which was triggered by the slump in demand. In addition to reducing vacation and time credits, short-time working was applied for and

implemented at the locations in Switzerland and Germany. At the other Rieter locations, corresponding measures were implemented in accordance with the legislation of the respective country. In this way, Rieter retained the ability to benefit from the initiating market recovery.

Strategy Implementation

Despite the extremely difficult situation, Rieter made further progress in implementing its corporate strategy in the 2020 financial year: Technology and innovation leadership, solutions for the installed base and the continuous improvement of the cost position.

The current innovation program marked the launch of the new products, which were presented at ITMA in Barcelona in summer 2019. Despite the low demand, the innovations continued to meet with a very positive response from customers, such as the 83% increase in sales in Turkey, but also the recovery in incoming orders in the fourth quarter of 2020. Major orders were received for the new card C 80 and the new comber E 90. Despite the difficulties caused by the pandemic, more preparations were made for the market launch of further innovations planned for 2021.

The Rieter CAMPUS is an important element of Rieter's innovation strategy. The decision about the start of the construction work will depend on the business situation.

The business with solutions for the installed base of Rieter machines, which the Business Groups Components and After Sales are driving forward, was also developed further despite the weak demand due to the COVID-19 pandemic. Thus, the first major orders were placed by customers for retrofitting Rieter ring spinning machines with the piecing robot ROBOSpin and the compacting solutions COMPACTdrum and COMPACTeasy.

Rieter's cost position was also further improved. The measures announced in January 2020 to adjust capacity at the European locations, which affected a total of 180 positions, were implemented as planned during 2020.

Dividend

Due to the loss of CHF 89.8 million at the net profit level in the 2020 financial year, the Board of Directors proposes that shareholders waive the distribution of a dividend.

Changes to the Group Executive Committee

Carsten Liske, Head of the Business Group Machines & Systems and member of the Group Executive Committee since 2015, left the Group Executive Committee at the end of February 2021 to take on a new role outside of the Rieter Group. The Board of Directors thanks Carsten Liske for his many years of successful work as well as his great contribution to the further development of Rieter and wishes him every success and all the best for the future, both professionally and personally.

With effect from March 1, 2021, the Board of Directors of Rieter Holding Ltd. has appointed Roger Albrecht as Head of the Business Group Machines & Systems and a member of the Group Executive Committee. Roger Albrecht is 38 years old and a Swiss citizen. He has a Bachelor's degree in Business Administration and a Master's degree in Accounting and Finance from the University of St. Gallen. Roger Albrecht was employed by the Hilti Group in Liechtenstein and Canada from 2008 to 2015.

In 2015 he was appointed to the position of Business Group Controller in the Business Group Components, and from 2017 to the end of February 2021 he headed up Spindelfabrik Suessen GmbH in Suessen (Germany) as Managing Director.

Board of Directors and Annual General Meeting

At the 129th Annual General Meeting held on April 16, 2020, 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

Rieter expects the market recovery that began in the second half of 2020 to continue in 2021. The company expects an order intake in the first half of 2021 exceeding that of the previous half year (second half of 2020: CHF 389.5 million). Thanks to the improved capacity utilization, Rieter is planning short-time working in only a few areas in the first half of 2021. Nonetheless, as already announced, Rieter still anticipates that sales in the first half of 2021 will be below the break-even point. In connection with the high order backlog at the beginning of 2021, Rieter expects an operating profit for the full year 2021.

Thank You

On behalf of the Board of Directors and the Group Executive Committee, we wish to thank all Rieter employees for their great commitment under the very difficult conditions in financial year 2020, which was characterized by COVID-19. We thank the employees who undertook business trips during pandemic times and worked in the field for customers as well as for the salary waiver in favor of the company. That is not to be taken for granted. Our customers, suppliers and all business partners who for their part have to overcome major challenges because of the pandemic deserve a very special thank you for their loyalty to the Rieter Group. We express our heartfelt thanks to the Rieter shareholders for their trust and hope to be able to welcome them again in person at the Annual General Meeting in 2022.

Telephone Conference for Media and Investors

The telephone conference for media and investors will take place **today, March 9, 2021, at 9.00 am (CET)**.

Dial-in details:

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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 2020, 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 2021 April 15, 2021
- Semi-Annual Report 2021 July 15, 2021
- Publication of sales 2021 January 26, 2022
- Deadline for proposals regarding the agenda of the Annual General Meeting February 18, 2022
- Results press conference 2022 March 9, 2022
- Annual General Meeting 2022 April 7, 2022

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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 15 manufacturing locations in ten countries, the company employs a global workforce of some 4 420, about 21% of whom are based in Switzerland. Rieter is listed on the SIX Swiss Exchange under ticker symbol RIEN. www.rieter.com

Key Figures

CHF million	2020	2019	Change
Rieter			
Order intake	640.2	926.1	-31%
Sales	573.0	760.0	-25%
EBIT before restructuring charges	-76.7	84.6	
EBIT	-84.4	84.9	
- in % of sales	-14.7	11.2	
Net profit	-89.8	52.4	
- in % of sales	-15.7	6.9	
Purchase of property, plant, equipment and intangible assets	28.6	31.6	-9%
Total assets at December 31	963.5	983.0	-2%
Shareholders' equity before appropriation of retained earnings at December 31	350.9	469.6	-25%
Number of employees (excl. temporaries) at December 31	4 416	4 591	-4%
Business Group Machines & Systems			
Order intake	363.9	562.8	-35%
Sales	295.8	389.0	-24%
EBIT before restructuring charges	-71.3	-49.4	
EBIT	-72.4	-50.8	
- in % of sales	-24.5	-13.1	
Business Group Components			
Order intake	169.1	222.0	-24%
Sales	174.3	230.2	-24%
Total segment sales	229.6	282.8	-19%
EBIT before restructuring charges	1.4	11.0	
EBIT	-5.5	10.7	
- in % of segment sales	-2.4	3.8	
Business Group After Sales			
Order intake	107.2	141.3	-24%
Sales	102.9	140.8	-27%
EBIT before restructuring charges	1.4	23.5	
EBIT	1.8	23.2	
- in % of sales	1.7	16.5	
Rieter Holding Ltd.			
Share capital at December 31	23.4	23.4	
Net profit	16.2	19.0	-15%
Dividend	0 ¹	20.1	
Number of shares, paid-in at December 31	4 672 363	4 672 363	
Average number of shares outstanding (undiluted)	4 479 637	4 496 460	
Share price (high/low) in CHF	138/75	157/122	
Market capitalization at December 31	431.9	623.4	-31%
Data per share			
Basic earnings per share in CHF	-20.05	11.65	
Equity (Group) in CHF ²	78.50	103.84	-24%
Dividend (Rieter Holding Ltd.) per share in CHF	0.00 ¹	4.50	-100%

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 2020.

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.