

Media Release

Ad-hoc announcement pursuant to Art. 53 LR

Rieter Holding Ltd.

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Winterthur – March 9, 2023

Financial Year 2022

- **Record sales of CHF 1 510.9 million, despite enormous challenges in their realization**
- **Continued high order intake of CHF 1 157.3 million in 2022; order backlog of around CHF 1 540 million as of December 31, 2022**
- **EBIT margin of 2.1% despite the challenging environment**
- **Implementation of action plan to increase profitability ongoing**
- **Dividend of CHF 1.50 per share proposed**
- **Outlook**

The 2022 financial year was characterized by record sales of CHF 1 510.9 million and enormous challenges in their realization. Geopolitical uncertainties, the rapid rise in inflation, and additional development expenditure to compensate for material bottlenecks, weighed heavily on earnings. Higher expenses were also incurred in connection with the acquired businesses. Despite the exceptionally challenging environment, Rieter generated an EBIT margin of 2.1%. Implementation of the measures already initiated to improve profitability is continuing.

Sales, Order Intake and Order Backlog

With **record sales** of CHF 1 510.9 million, Rieter achieved an increase of 56% compared with the previous year (2021: CHF 969.2 million). In the second half of 2022, especially in the fourth quarter, the measures introduced to address material bottlenecks had a positive impact. Consequently, sales increased to CHF 890.3 million compared with the first six months (first half-year 2022: CHF 620.6 million).

Order intake was CHF 1 157.3 million in 2022 (2021: CHF 2 225.7 million) and thus remained at a high level thanks to the company's technological lead and broad international presence. The market situation, especially in the second half of 2022, was characterized by investment restraint and below-average capacity utilization at spinning mills due to geopolitical uncertainties, rising financing costs, and consumer reticence in important markets.

The company had an **order backlog** of around CHF 1 540 million at the end of 2022, which thus extends into 2023 and 2024.

EBIT, Net Profit and Free Cash Flow

The profit at the **EBIT** level in the 2022 financial year was CHF 32.2 million (2021: CHF 47.6 million). The result was strongly influenced by substantial cost increases, which could only be offset in part through price increases or other remedial measures. In addition, to compensate for material shortages, expenses were incurred in connection with the development of alternative solutions, and in relation to the acquired businesses. In the 2022 financial year, an EBIT margin of 2.1% was achieved (2021: 4.9%) despite these challenges. Rieter closed 2022 with a positive result and achieved a **net profit** of CHF 12.1 million, equivalent to 0.8% in relation to sales, following a net loss in the first half of 2022.

Free cash flow was CHF -98.6 million, mainly a result of the build-up of inventories for deliveries in the 2023 financial year. Accordingly, net debt was CHF 285.6 million (2021: CHF 161.9 million). As of December 31, 2022, Rieter had liquid funds of CHF 176.1 million (2021: CHF 249.4 million).

The equity ratio as of December 31, 2022, was 23.4%, mainly due to the increased working capital and foreign exchange differences (previous year's reporting date 27.6%).

Completion of the Acquisition

Rieter consolidated the acquired automatic winding machine business with effect from April 1, 2022. This acquisition completes Rieter's system offering in the largest market segment of ring and compact spinning, thus significantly strengthening the company's market position.

Action Plan to Increase Profitability

Implementation of the action plan to increase profitability is ongoing. With regard to the margins for the order backlog, which remains high, the already implemented price increases in combination with a positive trend in costs, particularly in logistics, are having a favorable impact. In addition, progress was made in eliminating material bottlenecks and reducing expenses for the three acquired businesses.

Innovation Program

In the context of ITME 2022 in Delhi (India), Rieter presented solutions for the economical production of yarns from recycled fibers, which met with great customer interest. As the technology leader, Rieter will present new, innovative products at ITMA 2023 in Milan (Italy).

Rieter Site Sales Process

The sales process for the remaining land at the Rieter site in Winterthur (Switzerland) is proceeding according to plan. In total, around 75 000 m² of land will be sold. The Rieter CAMPUS is not part of this transaction.

Dividend

The Board of Directors proposes to the shareholders the distribution of a dividend of CHF 1.50 per share for 2022. This corresponds to a payout ratio of 56%.

Board of Directors and Annual General Meeting

At the 131st Annual General Meeting held on April 7, 2022, the shareholders approved all motions proposed by the Board of Directors. The Chairman of the Board, Bernhard Jucker, and the Directors, Hans-Peter Schwald, Peter Spuhler, Roger Baillod and Carl Illi, were confirmed for a further one-year term of office. Sarah Kreienbühl and Daniel Grieder were newly elected for a one-year term of office as members of the Board of Directors. The members of the Remuneration Committee who were standing for election – Hans-Peter Schwald and Bernhard Jucker – were also re-elected for a one-year term of office. Sarah Kreienbühl was newly elected for a one-year term of office as a member of the Remuneration Committee, and takes over the chair.

Outlook

For the coming months, Rieter expects below-average demand for new equipment at first, with a revival expected in the second half of 2023 after ITMA, the leading trade fair in Milan (Italy). Rieter also believes that demand for consumables, wear & tear and spare parts will recover during 2023.

For the 2023 financial year, due to the high order backlog, Rieter anticipates sales in the order of magnitude of the previous year.

The realization of sales from the order backlog continues to be associated with risks in connection with the ongoing geopolitical uncertainties, rising financing costs, continuing bottlenecks in the supply chains, and possible, currently unforeseeable consequences of the earthquake in Türkiye in February 2023. Despite the price increases already implemented, further global cost increases continue to pose a risk to the growth of profitability. Rieter will specify the outlook in the 2023 semi-annual report.

Telephone Conference for Media and Investors

The media and investor conference call will be held **today, March 9, 2023, 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

Webcast

<https://media.choruscall.eu/mediaframe/webcast.html?webcastid=zF98bYmJ>

Presentation Material

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

Forthcoming Dates

- Annual General Meeting 2023 April 20, 2023
- ITMA 2023 Investor Event June 12, 2023
- Semi-Annual Report 2023 July 20, 2023
- Investor Update 2023 October 20, 2023
- Publication of sales 2023 January 24, 2024
- Deadline for proposals regarding the agenda of the Annual General Meeting February 23, 2024
- Results press conference 2024 March 13, 2024
- Annual General Meeting 2024 April 17, 2024

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About Rieter

Rieter is the world's leading supplier of systems for manufacturing yarn from staple fibers in spinning mills. Based in Winterthur (Switzerland), the company develops and manufactures machinery, systems and components used to convert natural and man-made fibers and their blends into yarns in the most cost-efficient manner. Cutting-edge spinning technology from Rieter contributes to sustainability in the textile value chain by minimizing the use of resources. Rieter has been in business for more than 225 years, has 18 production locations in ten countries and employs a global workforce of around 5 630, about 16.4% of whom are based in Switzerland. Rieter is listed on the SIX Swiss Exchange under ticker symbol RIEN.
www.rieter.com

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.

Key Figures

CHF million	2022	2021	Difference
Rieter			
Order intake	1 157.3	2 225.7	-48%
Sales	1 510.9	969.2	56%
EBITA	47.0	54.5	-14%
EBIT	32.2	47.6	-32%
- in % of sales	2.1	4.9	
Net profit	12.1	31.7	-62%
- in % of sales	0.8	3.3	
Purchase of property, plant, equipment and intangible assets	46.7	38.6	21%
Total assets at December 31	1 540.9	1 436.3	7%
Shareholders' equity at December 31	360.0	396.1	-9%
Number of employees (excl. temporaries) at December 31	5 629	4 907	15%
Business Group Machines & Systems			
Order intake	663.9	1 708.6	-61%
Sales	1 034.7	590.3	75%
EBITA	-16.2	-3.7	-338%
EBIT	-18.7	-3.7	-405%
- in % of sales	-1.8	-0.6	
Business Group Components			
Order intake	310.1	296.0	5%
Sales	303.5	231.5	31%
Total segment sales	427.9	320.7	33%
EBITA	36.7	36.4	1%
EBIT	26.8	30.1	-11%
- in % of segment sales	6.3	9.4	
Business Group After Sales			
Order intake	183.3	221.1	-17%
Sales	172.7	147.4	17%
EBITA	26.9	22.6	19%
EBIT	25.0	22.4	12%
- in % of sales	14.5	15.2	
Rieter Holding Ltd.			
Share capital at December 31	23.4	23.4	
Net profit	6.2	1.9	226%
Dividend	7.0 ¹	18.0	
Number of shares, paid-in at December 31	4 672 363	4 672 363	
Average number of shares outstanding (undiluted)	4 491 246	4 496 214	
Share price (high/low) in CHF	205/81	235/91	
Market capitalization at December 31	470.4	795.4	-41%
Data per share			
Basic earnings per share in CHF	2.70	7.04	-62%
Equity (Group) in CHF ²	80.34	88.08	-9%
Dividend (Rieter Holding Ltd.) per share in CHF	1.50 ¹	4.00	-62%

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 2022 Annual Report.

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