



# Results 2022

Media and Investor Presentation, March 9, 2023

Dr. Norbert Klapper, Group CEO

Kurt Ledermann, Group CFO

# Agenda

---



**01** Key Messages

---

02 Financial Results

---

03 Outlook

---

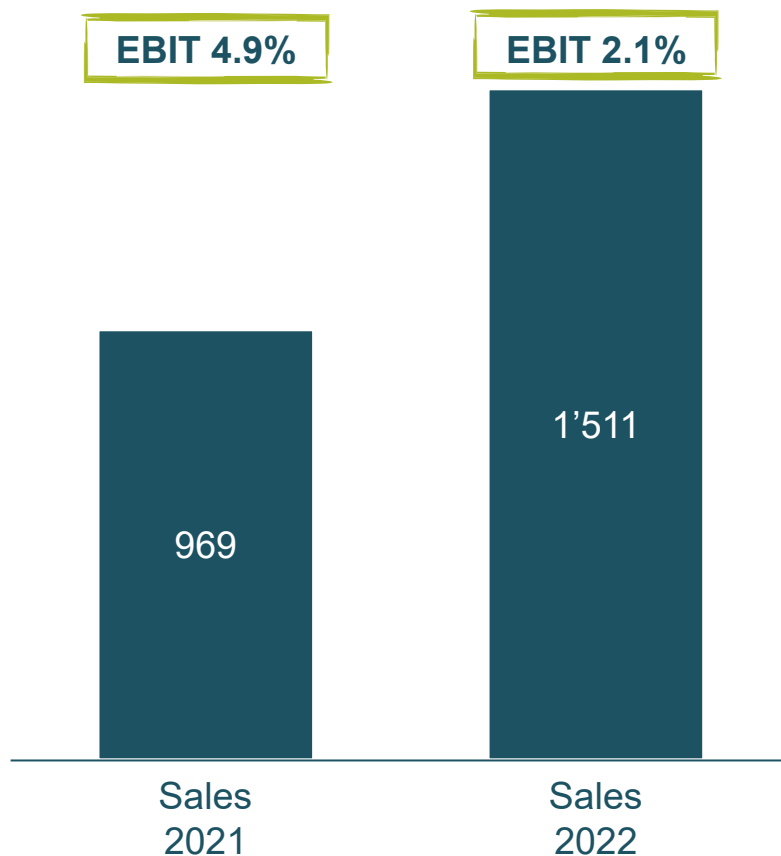
## Rieter Group – Key Messages

---

- Record sales of CHF 1 510.9 million, EBIT margin of 2.1% despite the challenging environment
- Plan to increase profitability ongoing
- Order backlog of around CHF 1 540 million as of December 31, 2022, continued high order intake of CHF 1 157.3 million in 2022
- Strategy implementation
- Market situation
- ITMA 2023 in Milan
- Rieter site sales process
- Türkiye/Syria earthquake

# 2022 Characterized by Four Major Challenges

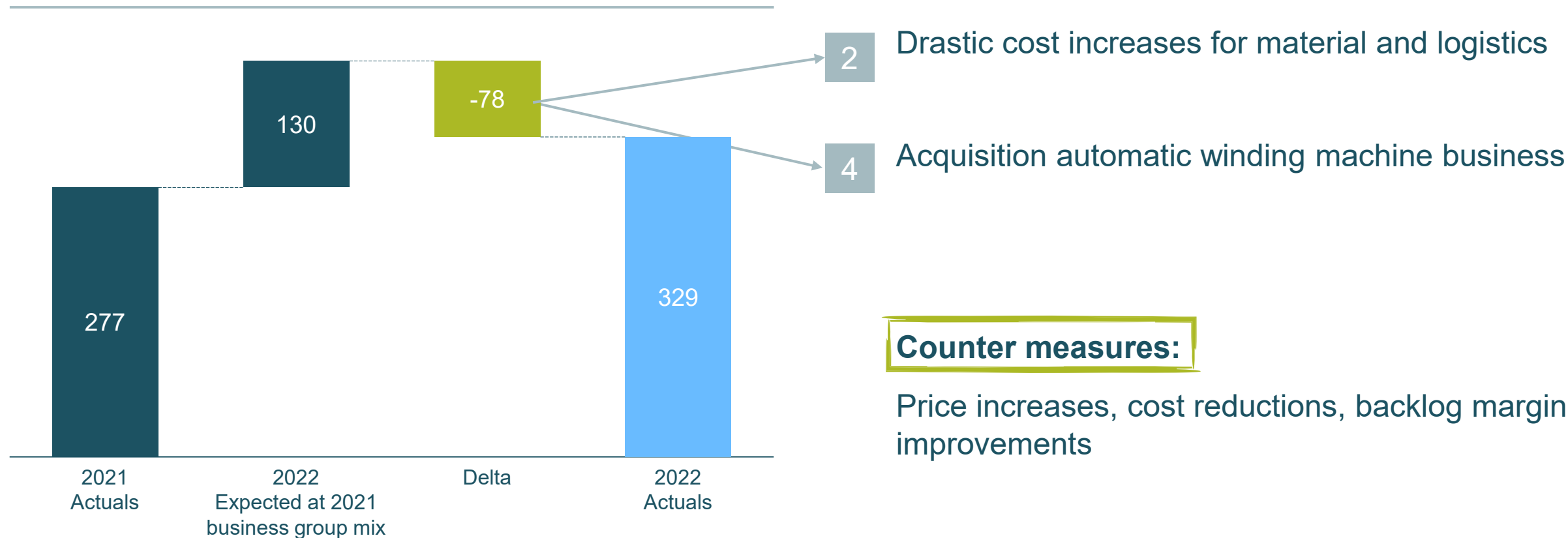
CHF million



- 1 Record sales
- 2 Drastic cost increases for material and logistics
- 3 Massive material shortages
- 4 Acquisition of the three businesses

# Development of Gross Profit Year-to-Year

CHF million

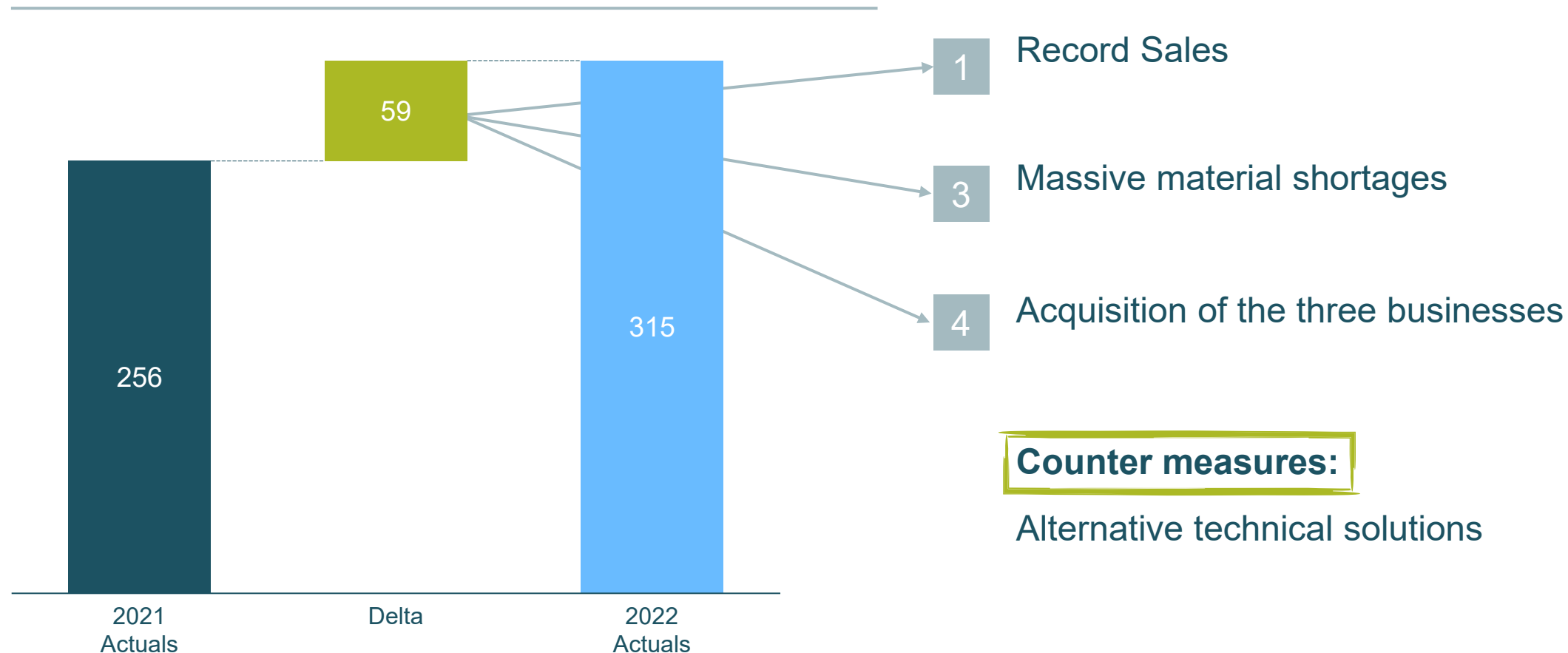


**Counter measures:**

Price increases, cost reductions, backlog margin improvements

# Development of Structural Cost Year-to-Year

CHF million



**Counter measures:**

Alternative technical solutions

# Action Plan to Increase Profitability

---

## Execution of backlog

- Further progress related to material shortages

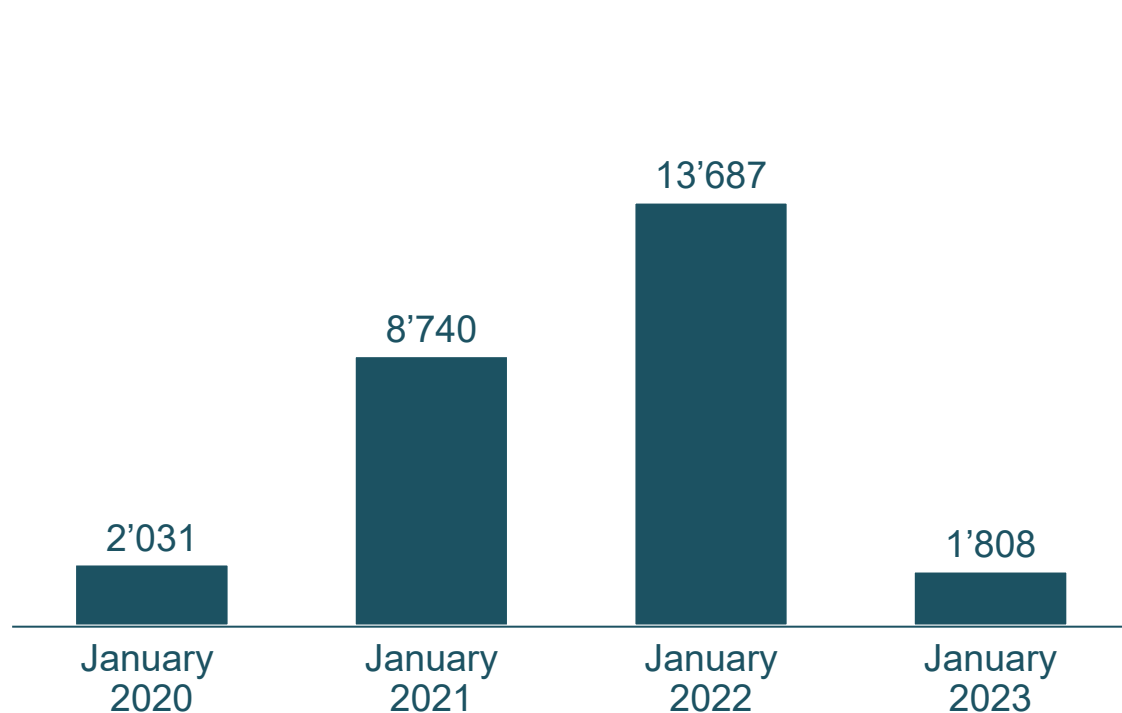
## Mitigate inflation impact

- Sales price increases and price adjustment clause implemented
- Cost reductions and backlog margin improvements ongoing
- Favorable cost development, e.g. in logistics
- Improvements automatic winding machine business

# Cost Development

Logistic costs are returning to normal.

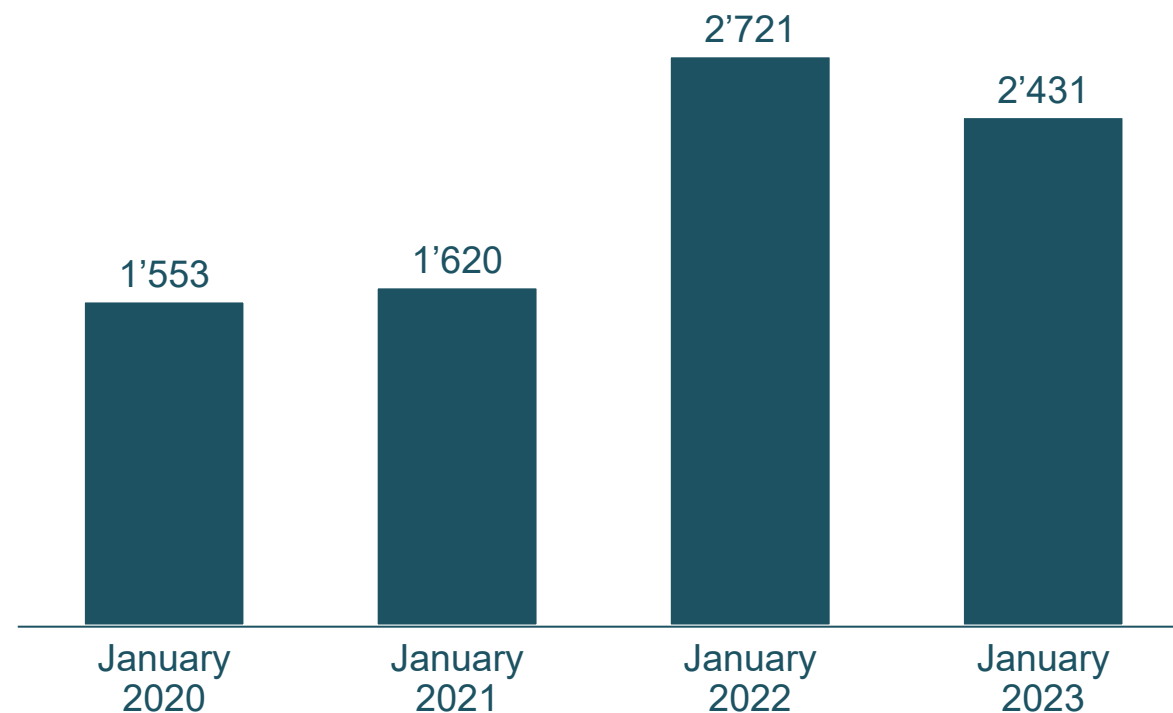
## Container Freight Index Shanghai to Rotterdam (in US\$)



Source: World Container Index

Results 2022 . Media & Investor Presentation . March 9, 2023

## Aluminum (US\$/per ton)



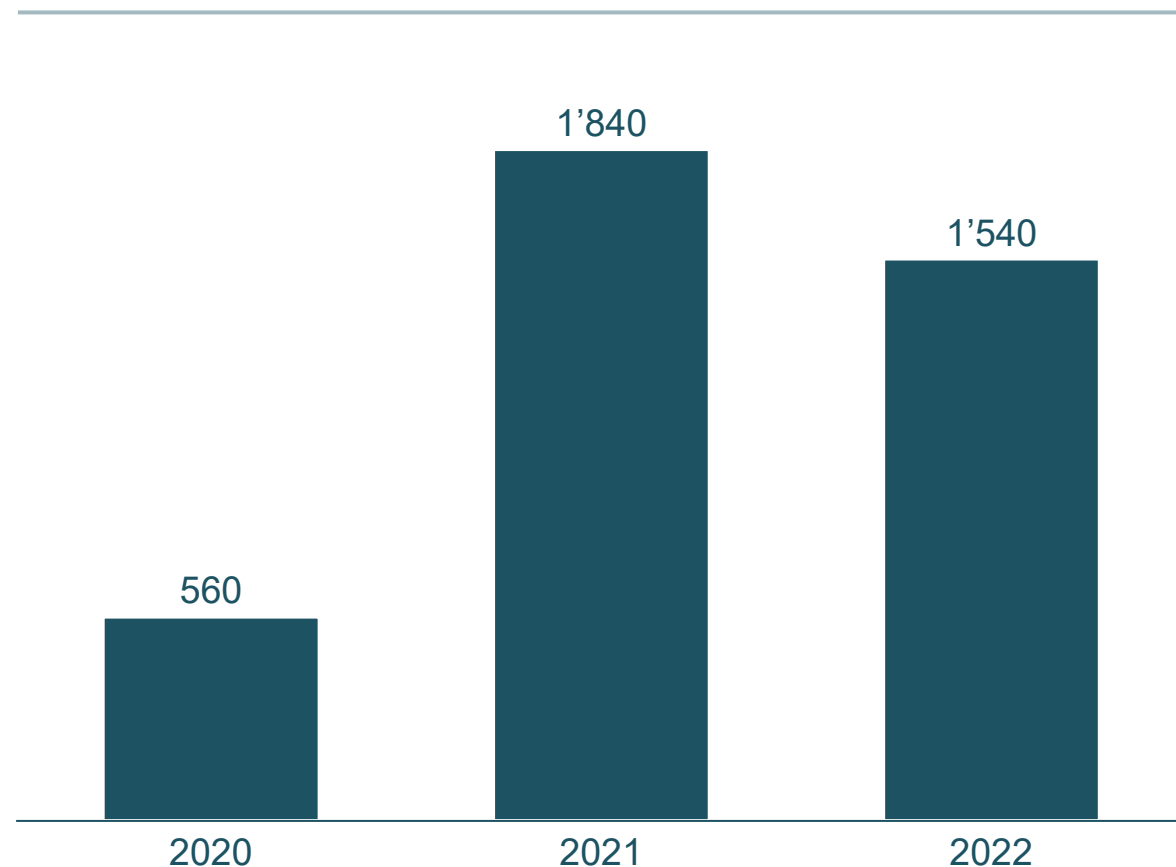
Source: Boerse.de



## Order Backlog at Year-End

High order backlog reaches far into 2023/2024.

CHF million

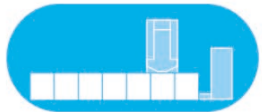


- Order cancellations 2022 below 10%
- Backlog margins improved (price increases and cost reductions)
- Backlog extends into 2023 and 2024

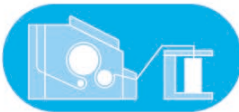
# Strategy Implementation



Acquisition of automatic winding machine business completed in 2022



Blowroom/Opener



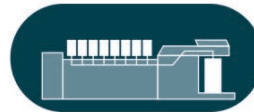
Card



Draw frame



Combing preparation



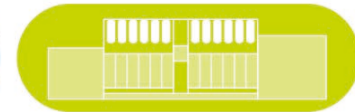
Comber



Draw frame



Roving frame



Compact-spinning machine



Winding machine

Successful systems sales:

- Seven complete ring- and compact spinning systems, total value around CHF 90 million<sup>1</sup>
- 15 complete rotor spinning systems, total value around CHF 130 million<sup>1</sup>

Major digitization milestone reached:

- Digital platform ESSENTIALmonitor released in December 2022

<sup>1</sup> Backlog Business Group Machines & Systems at December 31, 2022

# Market Situation

Investment sentiment and operation rate of spinning mills at low levels

## Operation Rate Spinning Mills<sup>1</sup> (outside China and Türkiye)

January: 76%

February: 66%

- Investment sentiment impacted by ITMA 2023 effect
- Textile consumption expected to pick up in China first
  - Strong growth of household deposits in 2022
  - Purchase Manager Index January 2023 at 50.1
  - Yarn stocks going down

<sup>1</sup> Source: Rieter mill monitoring

## ITMA 2023 Innovations on Schedule

- Innovative solutions supporting technology leadership
- Focus on cost per kg yarn:
  - Raw material
  - Energy consumption
  - Automation
- System integration through digitization
- Recycling
  
- Investor event on June 12, 2023





## Rieter Site Sales Process on Schedule

---

- The sales process for the remaining land at the Rieter site in Winterthur (Switzerland) is proceeding according to plan.
- In total, around 75 000 m<sup>2</sup> of land will be sold.
- The Rieter CAMPUS is not part of this transaction.



## Earthquake in Türkiye and Syria

- Rieter conveys deepest condolences to the people of Türkiye and Syria
- One Rieter employee among the victims
- All other Rieter employees and their families are safe
- Two thirds of spinning capacity in Türkiye affected
- Priorities:
  - Put service station of Rieter in Kahramanmaraş back into operations
  - Mill survey in close cooperation with customers ongoing
- Donation in preparation



# Agenda

---



01 Key Messages

---

**02 Financial Results**

---

03 Outlook

---

# Financial Highlights 2022



CHF million (except dividend)	2022	2021	Comments
Order intake	1 157.3	2 225.7	- With -48% as expected below the record year 2021
Sales	1 510.9	969.2	- Sales with +56% significantly above previous year
Gross profit	329.0	276.5	- Gross margin decreased to 21.8% (2021: 28.5%) due to the cost impacts (logistics and materials)
EBIT	32.2	47.6	- EBIT margin of 2.1%
Net profit	12.1	31.7	- Income tax rate of 29.2%, higher financing costs
Free cash flow	-98.6	128.1	- Build up of inventories and trade receivables
Net debt	-285.6	-161.9	- Following free cash flow
Dividend (proposal) <sup>1</sup>	CHF 1.50 per share	CHF 4.00 per share	- Payout ratio of 56%

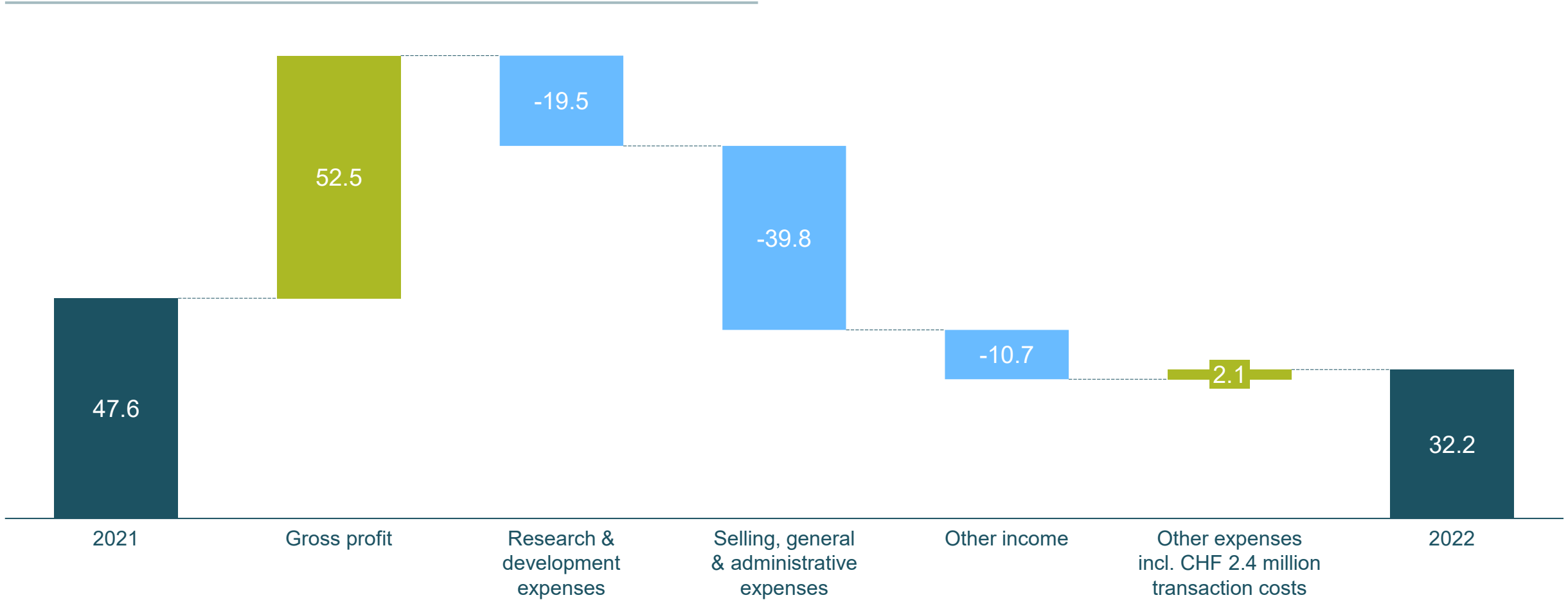
<sup>1</sup> Motion of the Board of Directors



# EBIT



CHF million



## Balance Sheet – Key Figures

<b>CHF million</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
Cash and cash equivalents	175.7	248.7
Net working capital	26.0	-80.9
Non-current assets	697.0	718.0
Total assets	1 540.9	1 436.3
Current financial debt	262.5	209.7
Non-current financial debt	199.2	201.6
Shareholders' equity	360.0	396.1
Equity ratio in %	23.4%	27.6%

- Increase in net working capital due to build up of inventory and trade receivables
- Increase in current financial debt to fund the working capital increase
- Equity ratio impacted by increase in working capital and foreign exchange effects

## Free Cash Flow

Free cash flow was mainly driven by sales volume.

<b>CHF million</b>	<b>2022</b>	<b>2021</b>
Net profit	12.1	31.7
Depreciation and amortization	52.8	37.4
+/- Change in net working capital	-115.8	86.4
+/- Change in provisions	-15.3	-4.3
- Capital expenditure	-46.7	-38.6
+/- Others	14.3	15.5
<b>Free cash flow</b>	<b>-98.6</b>	<b>128.1</b>

- Increase in net working capital (mainly build up of inventories and trade receivables)

# Dividend Proposal

## CHF



- Board of Directors proposal: dividend of CHF 1.50 per share
- Payout ratio of 56%

# Agenda

---



01 Key Messages

---

02 Financial Results

---

**03 Outlook**

---



# Results 2022

Media and Investor Presentation, March 9, 2023

Thomas Oetterli, CEO as of March 13, 2023

# Key Priorities

Rieter has everything to stay successful.

## Area

## Short-term

## Mid-term

### Top Line

- Execution of backlog
- Manage “Türkiye orders”
- Innovation leap at ITMA 2023

- Enhance service offering
- Enhance Net Promoter Score
- Digital roadmap

### Operational Excellence

- Mitigate inflation impact
- Inventory management
- Improvements in winding machines business

- Product cost value engineering
- Lean production and capacity management

### People

- Prepare move to new CAMPUS

- Agile structure
- Talent management
- Inclusion and diversity

### Sustainability

- Establish integrated ESG reporting
- Solidify internal organization and processes for ESG management

- Push recycling spinning process
- Roadmap to “net zero”
- Make our customers “green”

- 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 parts 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.





# Disclaimer

---



Rieter is making great efforts to include accurate and up-to-date information in this document, however we make no representations or warranties, expressed or implied, as to the accuracy or completeness of the information provided in this document and we disclaim any liability whatsoever for the use of it.

The information provided in this document is not intended nor may be construed as an offer or solicitation for the purchase or disposal, trading or any transaction in any Rieter securities. Investors must not rely on this information for investment decisions.

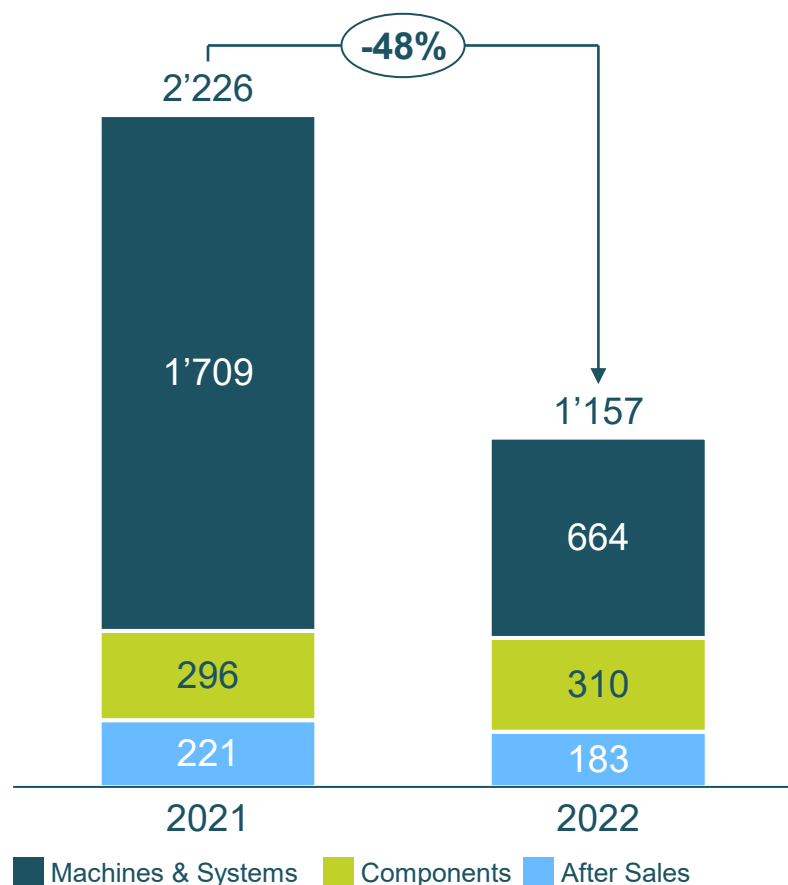
All statements in this report which do not refer to historical facts are forecasts which offer no guarantee whatsoever with respect to future performance; they embody risks and uncertainties which include – but are not confined to – future global economic conditions, exchange rates, legal provisions,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

# Appendix

---

# Order Intake by Business Group

CHF million

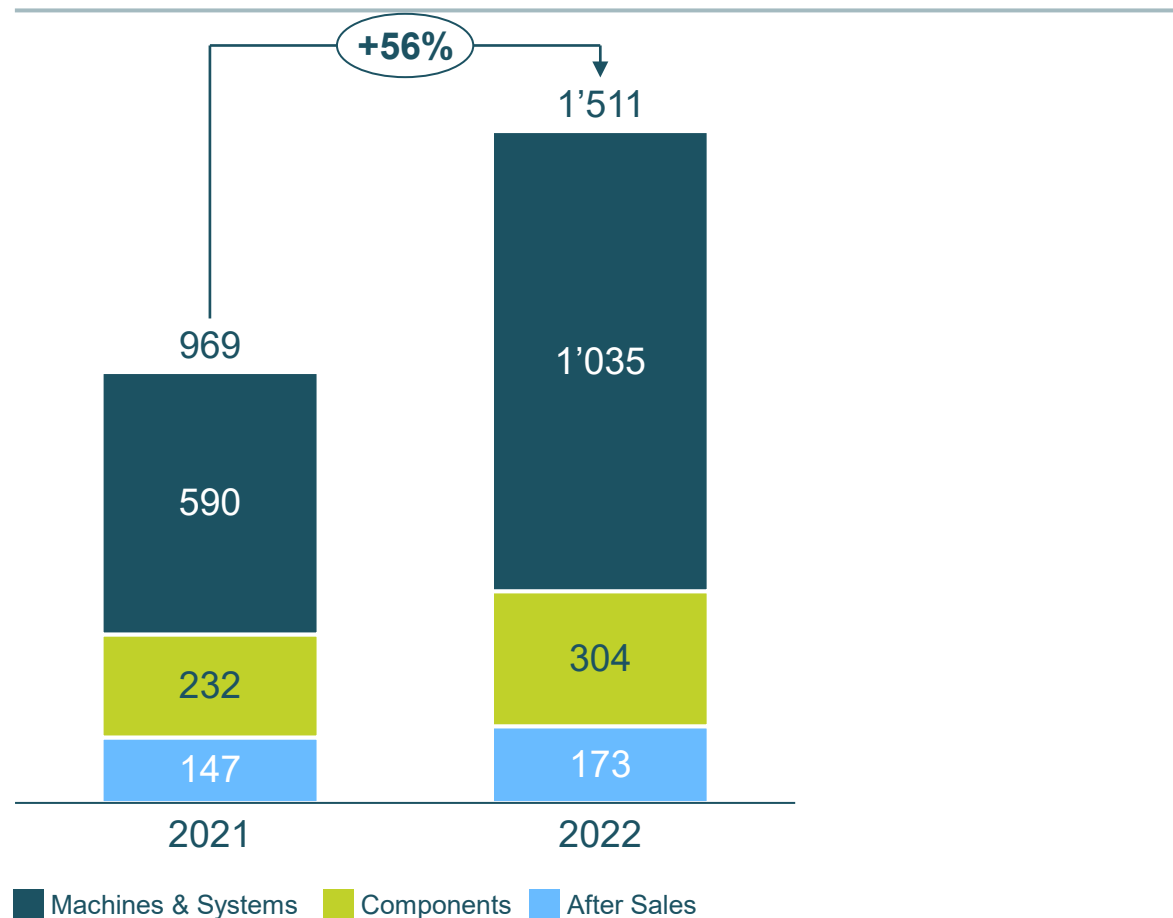


- Investment sentiment impacted by geopolitical uncertainties, higher financing cost, and low consumer spending in important markets
- Capacity utilization of spinning mills below normal levels

# Sales by Business Group

Sales conversion in the second half-year of 2022 developed better than expected.

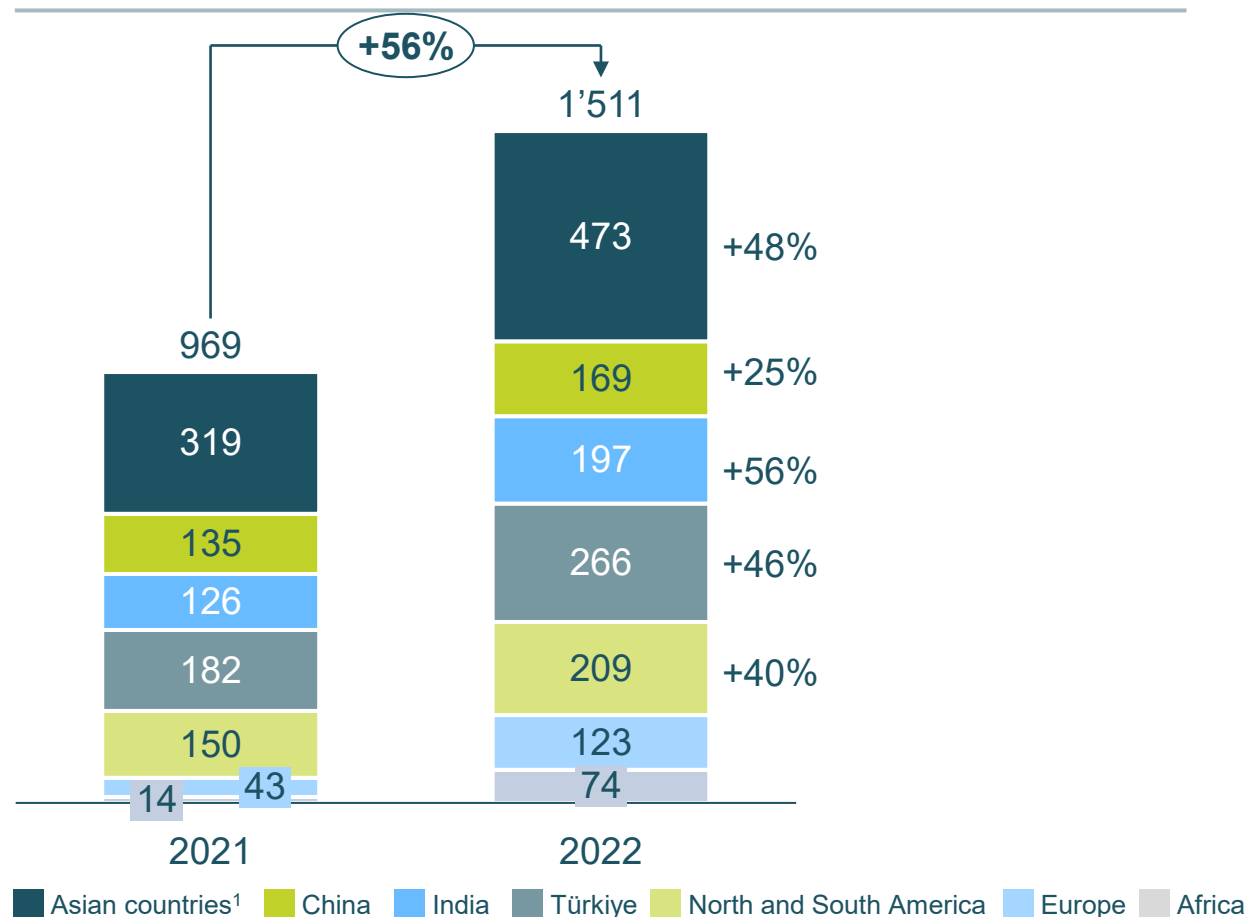
CHF million



- Expectation of CHF 1 400 million exceeded
- Progress in material supply debottlenecking

# Sales by Region

CHF million



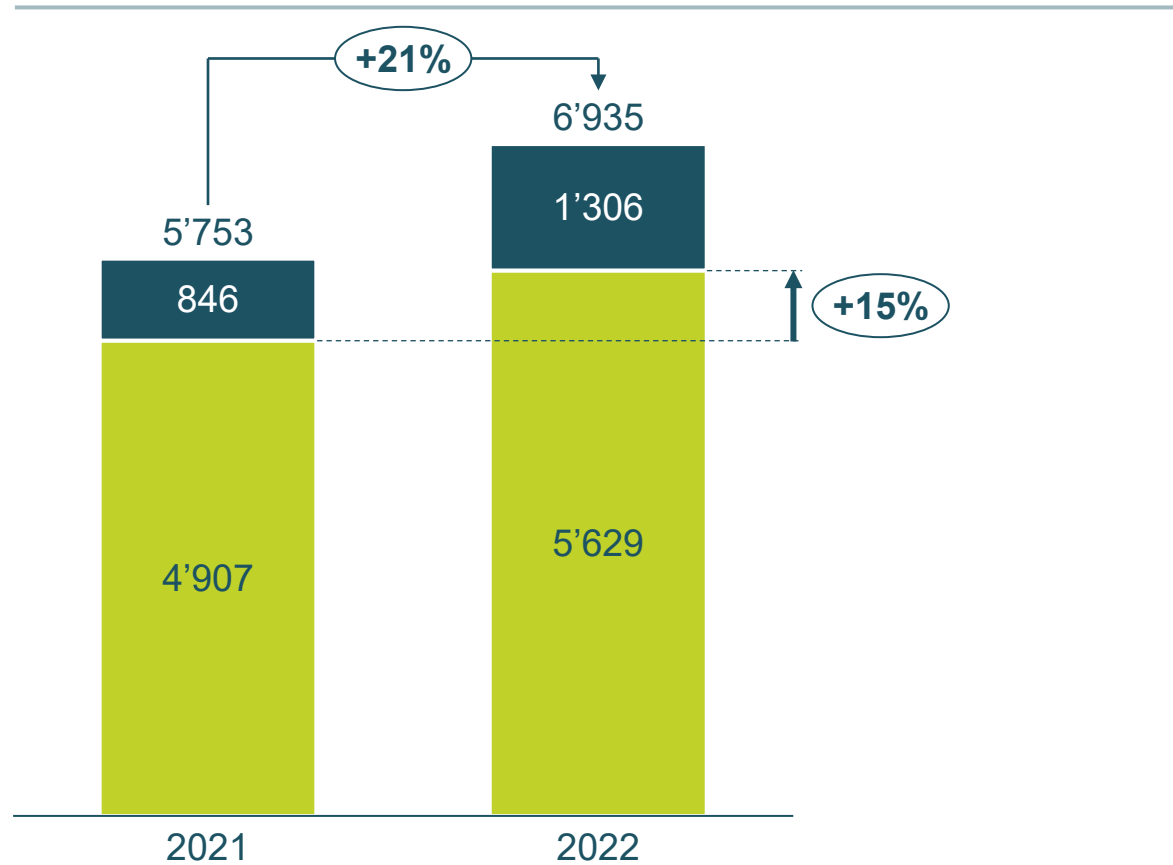
- Growth rates show combination of regional shift away from China and investment of customers in China to stay competitive

<sup>1</sup> Excluding China, India, Türkiye

# Workforce Development



FTE<sup>1</sup>



- Increase due to automatic winding machine business
- Capacities increase to realize/execute the exceptionally high order backlog

■ Temporaries ■ Permanent

<sup>1</sup> FTE = Full time equivalent, excluding apprentices, including temporary employees

## Order Intake by Business Group

CHF million	2022	2021	Difference	Difference in local currency	Difference adjusted <sup>1</sup>
<b>Rieter</b>	<b>1 157.3</b>	<b>2 225.7</b>	<b>-48%</b>	<b>-47%</b>	<b>-60%</b>
Machines & Systems	663.9	1 708.6	-61%	-61%	-71%
Components	310.1	296.0	5%	8%	-17%
After Sales	183.3	221.1	-17%	-16%	-31%

CHF million	HY2 2022	HY1 2022	Difference	Difference in local currency
<b>Rieter</b>	<b>287.9</b>	<b>869.4</b>	<b>-67%</b>	<b>-66%</b>
Machines & Systems	84.7	579.3	-85%	-85%
Components	129.2	180.9	-29%	-27%
After Sales	74.0	109.2	-32%	-32%

<sup>1</sup> Adjusted for currency effects and the acquisition of Accotex, Temco, and the automatic winding machine business



## Sales by Business Group

CHF million	2022	2021	Difference	Difference in local currency	Difference adjusted <sup>1</sup>
<b>Rieter</b>	<b>1 510.9</b>	<b>969.2</b>	<b>56%</b>	<b>58%</b>	<b>38%</b>
Machines & Systems	1 034.7	590.3	75%	76%	60%
Components	303.5	231.5	31%	35%	4%
After Sales	172.7	147.4	17%	19%	3%

CHF million	HY2 2022	HY1 2022	Difference	Difference in local currency
<b>Rieter</b>	<b>890.3</b>	<b>620.6</b>	<b>43%</b>	<b>45%</b>
Machines & Systems	650.9	383.8	70%	71%
Components	143.6	159.9	-10%	-8%
After Sales	95.8	76.9	25%	26%

<sup>1</sup> Adjusted for currency effects and the acquisition of Accotex, Temco, and the automatic winding machine business

## Sales by Region

CHF million	2022	2021	Difference	Difference in local currency	Difference adjusted <sup>1</sup>
<b>Rieter</b>	<b>1 510.9</b>	<b>969.2</b>	<b>56%</b>	<b>58%</b>	<b>38%</b>
Asian countries <sup>2</sup>	472.6	318.7	48%	49%	44%
China	168.5	135.3	25%	27%	4%
India	196.8	126.0	56%	59%	16%
Türkiye	266.1	182.3	46%	48%	44%
North and South America	209.2	149.9	40%	39%	32%
Europe	123.3	43.3	185%	201%	34%
Africa	74.4	13.7	443%	443%	433%

<sup>1</sup> Adjusted for currency effects and the acquisition of Accotex, Temco, and the automatic winding machine business

<sup>2</sup> Excluding China, India, Türkiye

# Financial Key Figures



CHF million	FY 2022	HY2 2022	HY1 2022	FY 2021
Order Intake	1 157.3	287.9	869.4	2 225.7
Sales	1 510.9	890.3	620.6	969.2
EBITA	47.0	50.0	-3.0	54.5
EBIT	32.2	42.4	-10.2	47.6
EBIT margin (of sales)	2.1%	4.8%	-1.6%	4.9%
Net profit	12.1	37.3	-25.2	31.7
R&D expenditure	77.9	42.5	35.4	58.4
Capital expenditure	46.7	27.7	19.0	38.6
Free cash flow	-98.6	-41.5	-57.1	128.1

## Net Working Capital

CHF million	31/12/2022	31/12/2021
Inventories	363.3	249.0
Trade receivables	212.1	122.0
Other current receivables	78.6	83.2
Trade payables	-161.8	-117.2
Advance payments	-192.7	-211.4
Other current liabilities	-273.5	-206.5
<b>Net working capital</b>	<b>26.0</b>	<b>-80.9</b>

# Return on Net Assets (RONA)



CHF million	31/12/2022	31/12/2021	2022	Difference
Liquid funds	176.1	249.4		-73.3
Inventories and receivables	654.0	454.2		+199.8
Assets classified as held for sale	13.8	14.7		-0.9
Non-current assets	697.0	718.0		-21.0
<b>Total assets</b>	<b>1 540.9</b>	<b>1 436.3</b>		<b>+104.6</b>
Current liabilities (excluding financial debt)	-628.0	-535.1		-92.9
Non-current liabilities (excluding financial debt)	-91.2	-93.8		+2.6
<b>Net assets (excluding financial debt)</b>	<b>821.7</b>	<b>807.4</b>	<b>781.9<sup>1</sup></b>	<b>+14.3</b>
Net profit 2022			12.1	
Interest cost 2022			9.6	
<b>Net profit before interest cost 2022</b>			<b>21.7</b>	
RONA 2022 in %			2.8%	

<sup>1</sup> 12 month average

## Key Data by Share

Rieter registered shares of CHF 5 nominal value Bloomberg: RIEN SW, Thompson Reuters: RIEN.S	31/12/2022	30/06/2022	31/12/2021
Shares outstanding excluding own shares (end of period)	4 479 635	4 492 731	4 494 024
Average shares (of period)	4 491 246	4 494 683	4 496 214
Share price (end of period)	CHF 105.0	109.6	177.0
Market capitalization (end of period)	CHF million 470	492	795

# Financial Calendar

---



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