

RIETER

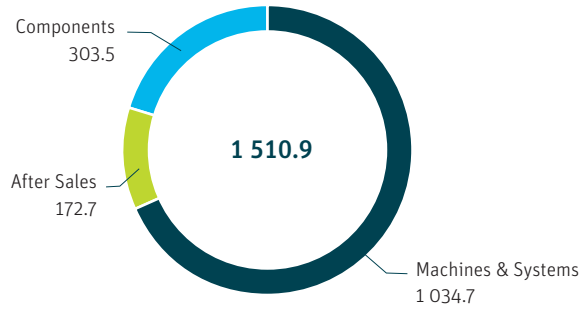
Summary Report

22

RIETER AT A GLANCE

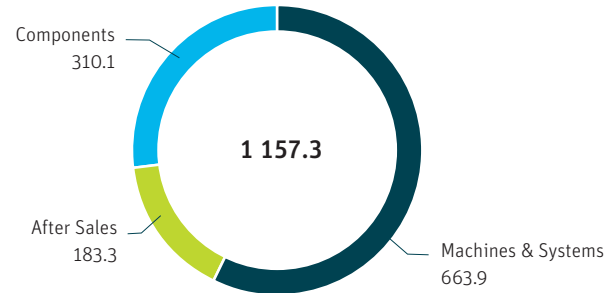
Sales by Business Group

CHF million



Order Intake by Business Group

CHF million



CHF million	2022	2021	Difference
Order intake¹	1 157.3	2 225.7	-48%
Sales	1 510.9	969.2	56%
EBITDA¹	85.0	85.0	0%
– in % of sales	5.6	8.8	
EBITA¹	47.0	54.5	-14%
– in % of sales	3.1	5.6	
EBIT¹	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	
Capital expenditure¹	46.7	38.6	21%
Net debt¹	-285.6	-161.9	-76%
Dividend per share (in CHF)²	1.50	4.00	-62%
Equity ratio in %¹	23.4	27.6	-15%
Number of employees (excluding temporaries)	5 629	4 907	15%

¹ Definition in Alternative Performance Measures on page 46/47 in the 2022 Annual Report.

² Motion of the Board of Directors on page 113 in the 2022 Annual Report.



Bernhard Jucker
Chairman of the Board of Directors

Dr. Norbert Klapper
Chief Executive Officer

DEAR SHAREHOLDER

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.

We wish to highlight the constructive and trusting cooperation with our customers and the great commitment of Rieter's employees in this very challenging financial year.

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 pos-

itive 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 addi-

tion, 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). In conjunction with the Johann Jacob

Rieter Foundation, Rieter is funding a Professorship for Artificial Intelligence at the ZHAW School of Engineering in Winterthur (Switzerland). The application of artificial intelligence will make an important contribution to automation and process optimization, thereby advancing sustainability in the spinning industry.

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.

CHANGE OF LEADERSHIP

Norbert Klapper, who has led Rieter as CEO for nine years, has informed the Board of Directors that he wishes to take on new professional challenges. The Board of Directors thanks Dr. Klapper for his many years of hard work and his lasting contribution to the company and wishes him all the best for the future, both professionally and personally.

The Board of Directors has appointed Thomas Oetterli as new CEO. With his comprehensive leadership skills and many years of industrial and international experience, Thomas Oetterli brings ideal prerequisites to lead Rieter as a global market leader through the current challenges and successfully develop it further in the long term. He will take over the function of CEO from Dr. Klapper on March 13, 2023.

Our customers, suppliers and business partners also deserve our sincere gratitude for their loyalty to Rieter, and their trusting and constructive cooperation in a difficult situation. To you, highly esteemed Rieter shareholder, we express our heartfelt thanks for your trust.

Winterthur, March 8, 2023

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.

THANK YOU

On behalf of the Board of Directors and the Group Executive Committee, we thank all Rieter employees for their great commitment under very difficult conditions in the 2022 financial year. It was only possible to overcome the major challenges resulting from record sales, combined with enormous cost increases, material bottlenecks and the integration of the acquired businesses, thanks to the exceptional commitment and great loyalty of employees to Rieter. We would especially like to thank Rieter employees, particularly in the Czech Republic, for their exemplary support for Ukrainian refugees.



Bernhard Jucker
Chairman of the
Board of Directors

Dr. Norbert Klapper
Chief Executive Officer

FINANCIAL CALENDAR

Annual General Meeting 2023	April 20, 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
Semi-Annual Report 2024	July 16, 2024
Investor Update 2024	October 23, 2024

RIETER GROUP

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 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 a strong brand with a long tradition. For more than 225 years, Rieter's innovative momentum has been a powerful driving force for progress in the spinning mill industry. The main focus is the efficiency of the customer's yarn production. Efficiency in yarn production is attained through minimal use of resources. Therefore, Rieter makes an important contribution to the sustainable production of textiles.

With a global sales and service organization, Rieter is well positioned as market leader in the global competitive environment.

For the benefit of shareholders, customers and employees, Rieter aspires to achieve sustained growth in enterprise value. With this in mind, Rieter seeks to maintain continuous growth in sales and profitability throughout the investment cycle in the textile industry.

The company comprises three business groups: Machines & Systems, Components and After Sales.

SALES CHF million

2022 **1 510.9**

2021 **969.2**

North and South America ●●

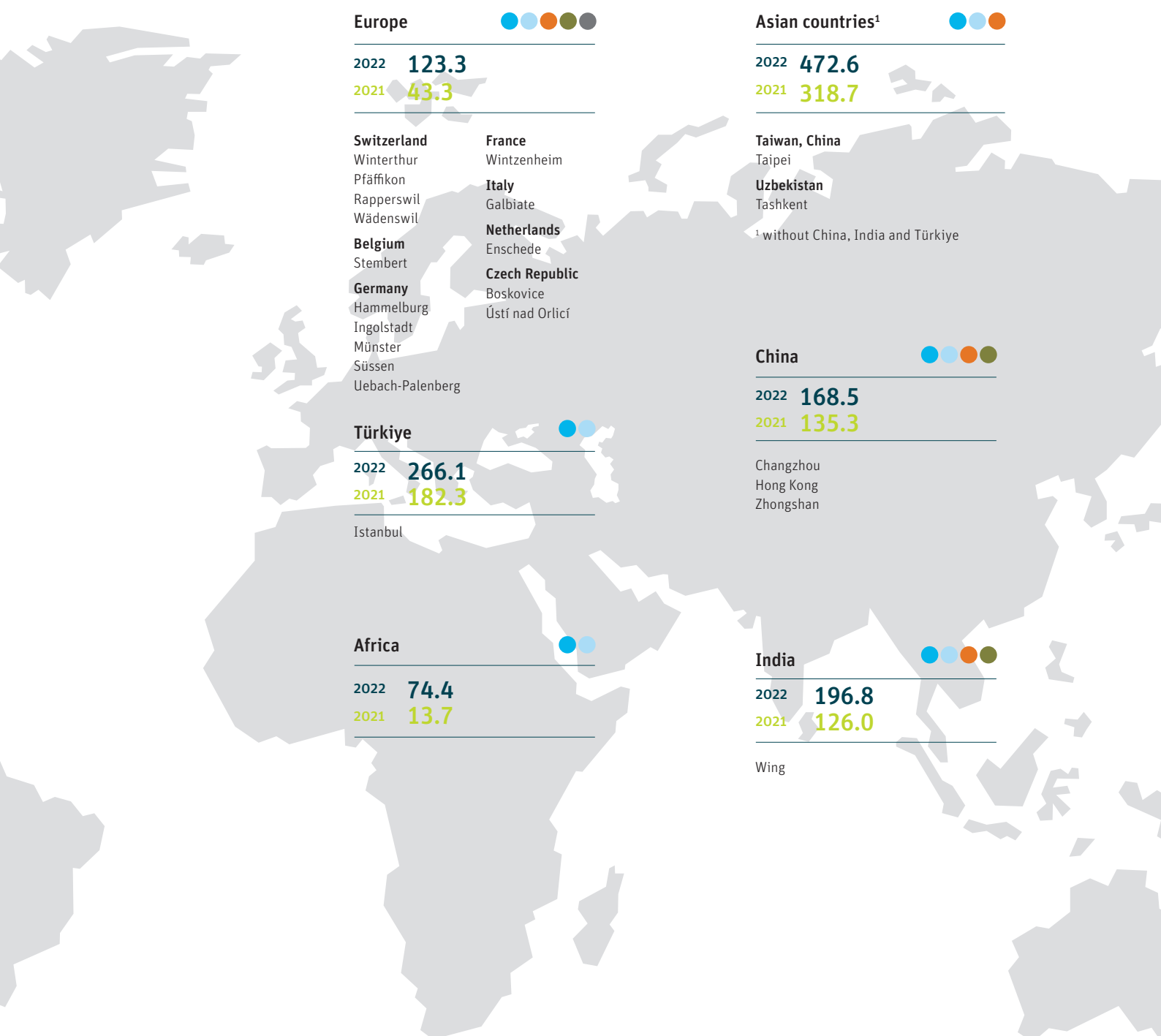
2022 **209.2**

2021 **149.9**

Brazil
São Paulo

USA
Spartanburg

- Sales/Agents
- Service
- Production
- Research & Development
- Headquarters



Europe ●●●●●

2022 **123.3**
2021 **43.3**

Switzerland

Winterthur
Pfäffikon
Rapperswil
Wädenswil

Belgium

Stembert

Germany

Hammelburg
Ingolstadt
Münster
Süssen
Uebach-Palenberg

France

Wintzenheim

Italy

Galbiate

Netherlands

Enschede

Czech Republic

Boskovice
Ústí nad Orlicí

Asian countries¹ ●●●●

2022 **472.6**
2021 **318.7**

Taiwan, China

Taipei

Uzbekistan

Tashkent

¹ without China, India and Türkiye

China ●●●●●

2022 **168.5**
2021 **135.3**

Changzhou
Hong Kong
Zhongshan

Türkiye ●●

2022 **266.1**
2021 **182.3**

Istanbul

Africa ●●

2022 **74.4**
2021 **13.7**

India ●●●●●

2022 **196.8**
2021 **126.0**

Wing

REVIEW 2018 TO 2022

		2022	2021	2020	2019	2018
Consolidated income statement						
Sales	CHF million	1 510.9	969.2	573.0	760.0	1 075.2
• Asian countries (without China/India/Türkiye)	CHF million	473	319	185	293	434
• China	CHF million	169	135	93	137	149
• India	CHF million	197	126	51	100	146
• Türkiye	CHF million	266	182	122	67	155
• North and South America	CHF million	209	150	66	106	109
• Europe	CHF million	123	43	38	41	47
• Africa	CHF million	74	14	18	16	36
EBITDA ¹	CHF million	85.0	85.0	-46.7	123.1 ²	84.1
• in % of sales		5.6	8.8	-8.2	16.2	7.8
EBITA ¹	CHF million	47.0	54.5	-78.2	91.0 ²	54.2
• in % of sales		3.1	5.6	-13.6	12.0	5.0
EBIT ¹	CHF million	32.2	47.6	-84.4	84.9 ²	43.2
• in % of sales		2.1	4.9	-14.7	11.2	4.0
Net profit	CHF million	12.1	31.7	-89.8	52.4	32.0
• in % of sales		0.8	3.3	-15.7	6.9	3.0
RONA ¹	in %	2.8	5.6	-14.3	10.0	6.6
Consolidated cash flow statement						
Cash flow from operating activities	CHF million	-76.2	165.7	-49.8	-45.7	78.4
Cash flow from investing activities ³	CHF million	-30.2	-37.6	-25.0	88.0	-14.8
Cash flow from financing activities	CHF million	34.9	151.4	78.0	-9.8	-36.3
Free cash flow ¹	CHF million	-98.6	128.1	-74.8	42.3	63.6
Number of employees at December 31⁴						
		5 629	4 907	4 416	4 591	5 134
Consolidated balance sheet at December 31						
Current assets	CHF million	843.9	718.3	555.7	567.2	577.8
Non-current assets	CHF million	697.0	718.0	407.8	415.8	424.5
Current liabilities	CHF million	890.5	744.8	428.3	410.7	320.6
Non-current liabilities	CHF million	290.4	295.4	184.3	102.7	235.1
Equity attributable to shareholders of Rieter Holding Ltd.	CHF million	359.9	395.8	350.6	468.8	445.9
Equity attributable to non-controlling interests	CHF million	0.1	0.3	0.3	0.8	0.7
Total assets	CHF million	1 540.9	1 436.3	963.5	983.0	1 002.3
Equity ratio ¹	in %	23.4	27.6	36.4	47.8	44.6
Cash and cash equivalents	CHF million	175.7	248.7	282.3	284.1	256.2
Marketable securities and time deposits	CHF million	0.4	0.7	0.9	0.9	0.9
Current financial debt	CHF million	-262.5	-209.7	-151.4	-121.0	-0.2
Non-current financial debt	CHF million	-199.2	-201.6	-90.5	-1.9	-106.7
Net debt/liquidity¹	CHF million	-285.6	-161.9	41.3	162.1	150.2

1. Definition in Alternative Performance Measures on pages 46 and 47 in the 2022 Annual Report.

2. Including the gain on disposal of land and buildings in Ingolstadt (Germany) amounting to CHF 94.5 million.

3. Excluding acquisitions and divestments of business.

4. Excluding apprentices and temporary employees.

Rieter Holding Ltd. share (RIEN)

			2022	2021	2020	2019	2018
Market capitalization ¹	December 31	CHF million	470	795	432	623	577
Market capitalization/EBITDA ratio			5.5	9.4	-9.3	5.1	6.9
Share price at SIX Swiss Exchange	December 31	CHF	105.0	177.0	96.7	138.1	128.8
	high	CHF	204.5	234.5	137.5	157.0	258.8
	low	CHF	80.6	91.3	74.5	122.2	119.0
Equity attributable to shareholders of Rieter Holding Ltd. per share	December 31	CHF	80.34	88.08	78.50	103.84	99.50
Basic earnings per share		CHF	2.70	7.04	-20.05	11.65	7.07
Price/earnings ratio ¹			38.9	25.1	-4.8	11.9	18.2
Dividend per share		CHF	1.50 ²	4.00	0.00	4.50	5.00
Dividend payout ratio ¹		in %	55.6	56.8	0.0	38.6	70.7
Dividend yield ¹		in %	1.4	2.3	0.0	3.3	3.9

1. Definition in Alternative Performance Measures on pages 46 and 47 in the 2022 Annual Report.

2. Motion of the Board of Directors on page 113 in the 2022 Annual Report.

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