



Acquisition of SSM Textile Machinery

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Acquisition of SSM

Transaction highlights



- Rieter acquires 100% of SSM from Schweiter Technologies AG
- Investment in adjacent fields of the textile value chain
- SSM is a global technology leader with a strong global brand
- SSM generates an attractive EBITDA margin and stable cash flows
- Opportunities for Rieter's short staple spinning machines
- Purchase price of CHF 124.2 million, enterprise value of CHF 100.0 million, financed from liquid funds

SSM is a strong niche player

- Key data (2016):
 - Net sales: CHF 85.9 million
 - EBITDA margin: 14.8%, stable cash flows
 - 246 employees
- Leading position
 - Precision winding (dyeing and weaving preparation)
 - Sewing thread preparation
 - Filament niche applications
- Top class global support and service: 12 service stations and 80 agents
- Main locations: Horgen (CH); Galbiate (IT); Zhongshan (CN)
- Experienced and highly committed management team

SSM is an attractive addition to Rieter's business

- Industry focus – adjacent segments of the textile value chain
- Premium position – strong global brand
- Technology base – winding operations on Rotor/AirJet machines
- Customer overlap – integrated textile manufacturers
- Management set-up – cultural fit, stand-alone business

SSM will be part of Rieter's Business Group Components

SSM's Key Financials



Strong and stable margins

Actual figures, in CHF million	2011	2012	2013	2014	2015	2016
Orders received	73.5	71.6	78.2	89.3	69.7	101.8
Net sales	72.9	69.3	73.7	87.9	74.3	85.9
EBITDA	8.8	8.4	8.1	14.6	9.2	12.7
<i>% of net sales</i>	<i>12.1%</i>	<i>12.1%</i>	<i>11.0%</i>	<i>16.6%</i>	<i>12.4%</i>	<i>14.8%</i>
EBIT	8.3	7.4	6.9	13.4	8.0	11.6
<i>% of net sales</i>	<i>11.4%</i>	<i>10.7%</i>	<i>9.4%</i>	<i>15.2%</i>	<i>10.8%</i>	<i>13.5%</i>
Number of employees	233	256	242	244	251	246

Source: Schweiter Technologies annual reports

Key Financial Considerations



Acquisition financed from own funds

- Enterprise value CHF 100.0 million, purchase price CHF 124.2 million
- EBIT multiple: 8.6x (2016), EBITDA multiple: 7.9x (2016)
- Purchase price financed from Rieter's cash
- Rieter Group to enhance cash generating capacity – transaction is EPS accretive

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