



Results 2018

- Media and Investor Presentation, March 13, 2019
- Dr. Norbert Klapper, Group CEO

1. Key Messages 2018
2. Financial Results 2018
3. Outlook

Key Messages 2018



- Weak market environment leads to 17% decline in order intake
- Sales increase by 11% to CHF 1 075 million
- EBIT margin of 4% and net income of 3% of sales
- Free cash flow of CHF 63.6 million
- Proposed dividend of CHF 5.00 per share

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Financial Highlights 2018



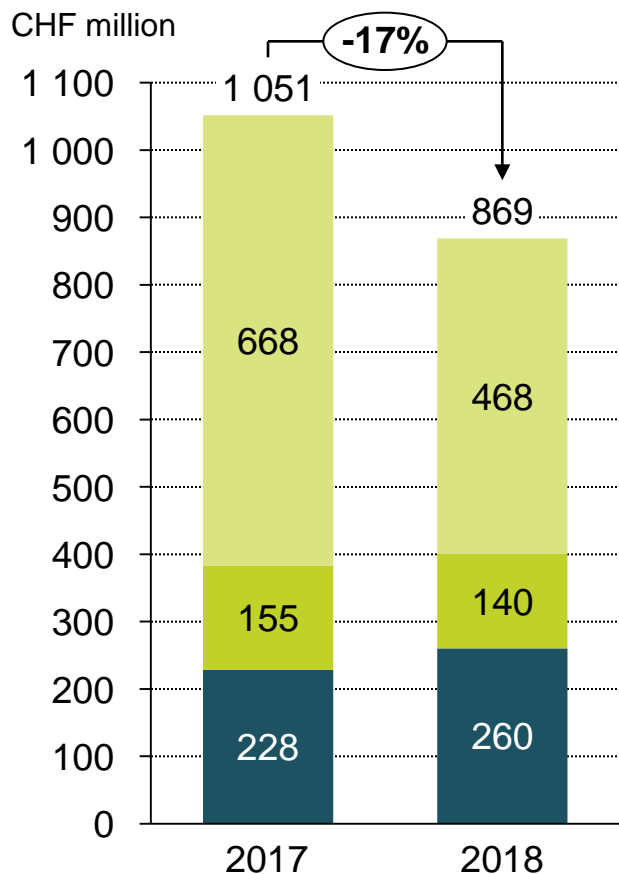
Increase in sales by 11%; strong free cash flow of CHF 63.6 million

CHF million, except dividend

Order Intake	868.8	-17%	Weak market environment in second semester, particularly in fourth quarter
Sales	1 075.2	+11%	Strong sales in second semester of CHF 559.9 million
EBITDA before restr. charges	83.8	7.8% margin	Product mix Machines & Systems One-time cost logistics After Sales
EBIT before restr. charges	42.9	4.0% margin	Slow down in fourth quarter Components and After Sales R&D expenses of CHF 51.9 million
Net profit	32.0	3.0% margin	Increase by CHF 18.7 million
Free cash flow	63.6	+64.7	Higher net profit, lower net working capital and disciplined investment policy
Net liquidity	150.2	+15%	Increase by CHF 19.7 million
Dividend (proposal)	CHF 5.00 per share	+3.9% dividend yield	On level of previous year

Order Intake by Business Group

Order intake declined by 17% in 2018



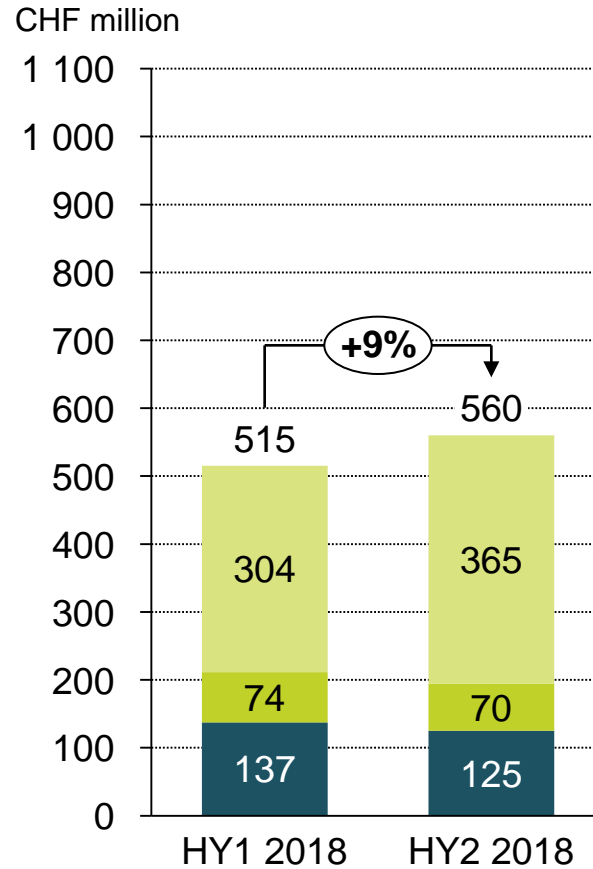
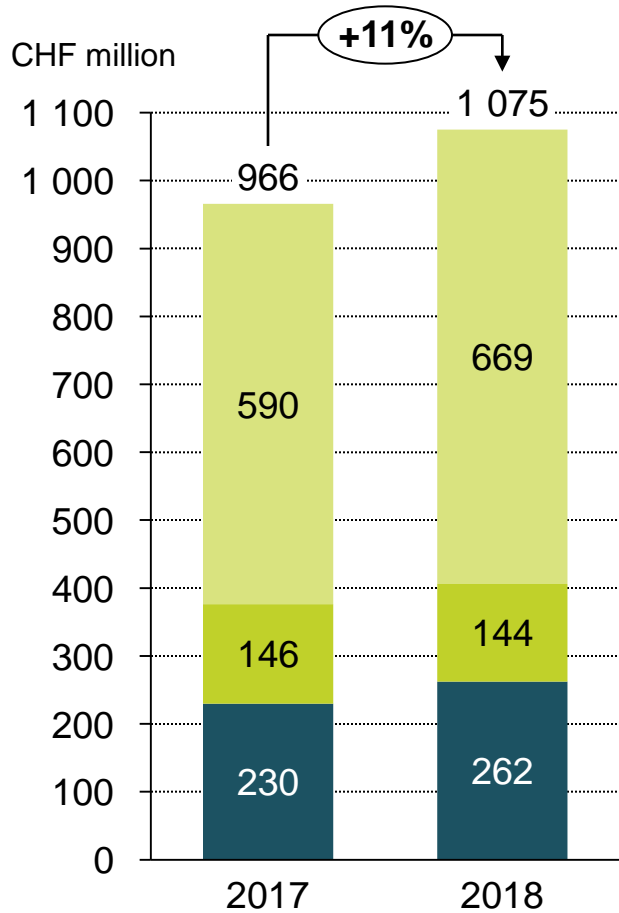
- Order intake declined to CHF 868.8 million (2017: CHF 1 051.5 million)
- Business Group Machines & Systems received CHF 468.3 million orders (-30% vs. 2017)
- Business Group After Sales with CHF 140.4 million orders in 2018 (-9% vs. 2017)
- Business Group Components progressed well – thanks to SSM – with CHF 260.1 million orders (+14% vs. 2017)

■ Machines & Systems ■ After Sales ■ Components

Sales by Business Group



Sales at CHF 1 075 million – stronger second semester

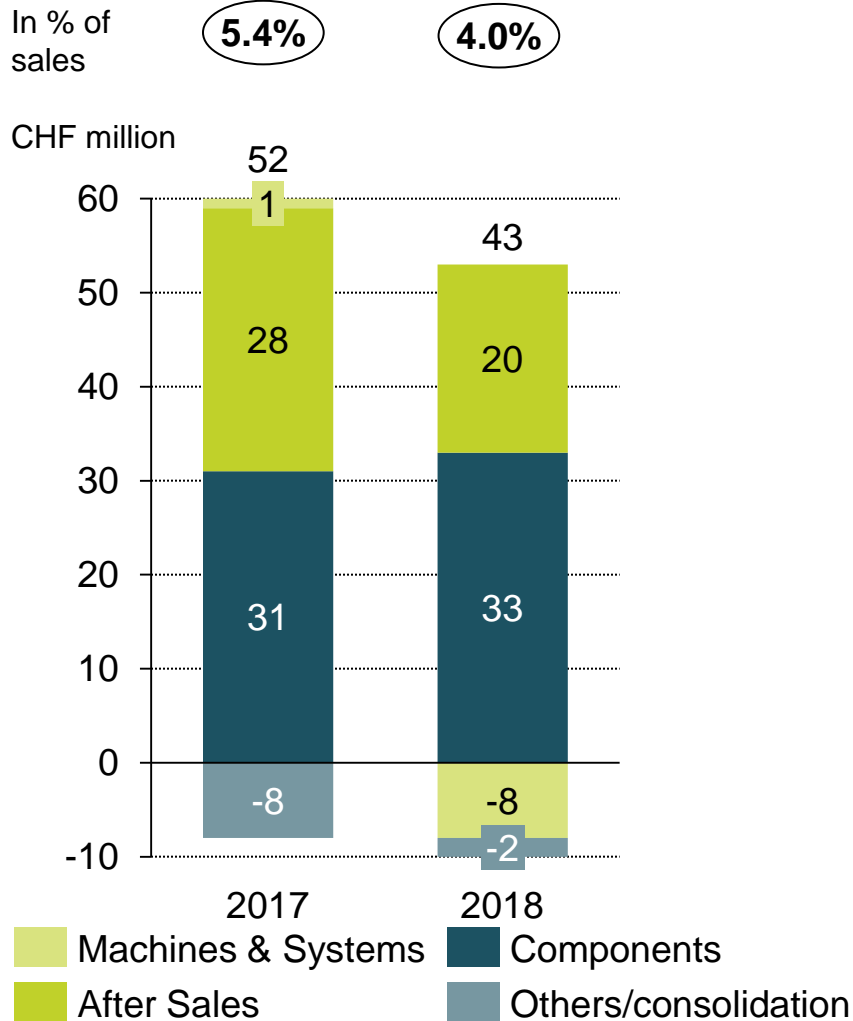


Machines & Systems
 After Sales
 Components

Operating Result (EBIT) before Restructuring Charges



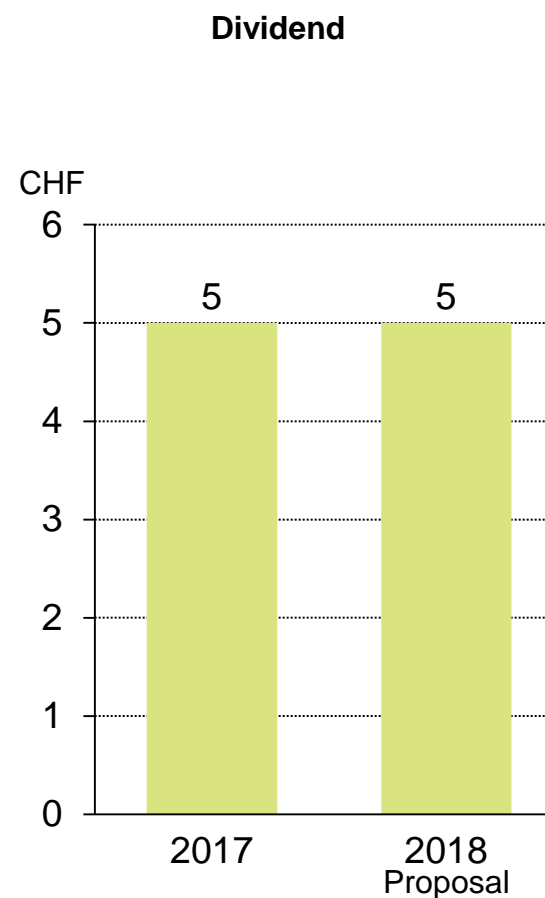
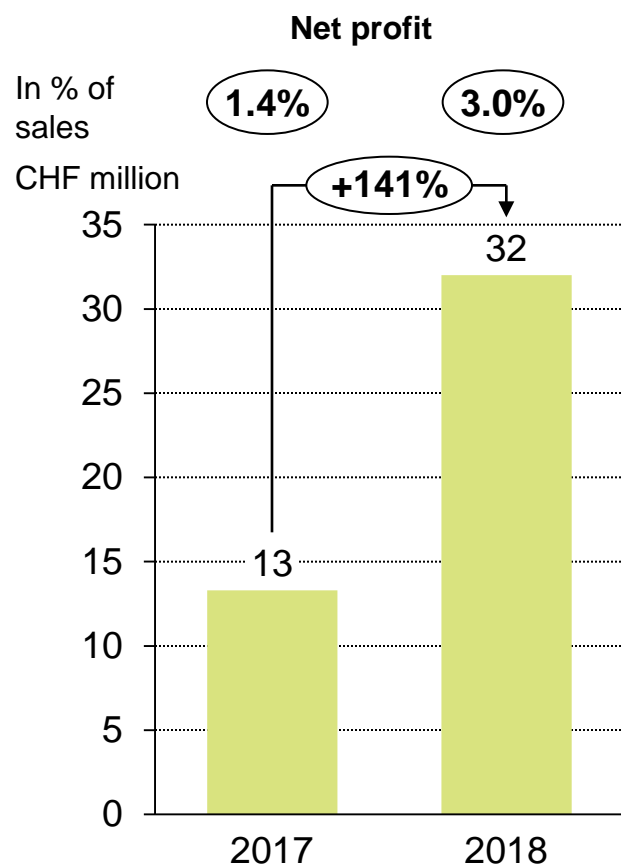
EBIT before restructuring charges at 4.0% of sales



- Business Group Machines & Systems: decrease in operating profitability to -1.2% of sales (2017: 0.1%) due in particular to the less favorable product mix compared to the previous year
- Business Group After Sales: decrease in operating profitability to 14% of sales (2017: 19%) due to one-time costs for the centralization of logistics in Europe and the weakening of demand towards the end of the year
- Business Group Components: increase of EBIT from CHF 30.8 million to CHF 32.5 million

Net Profit and Dividend Proposal

Net profit margin of 3.0%; attractive dividend proposal



EPS in CHF	2.92	7.07
RONA	3.0%	6.6%

Payout ratio	171%	71%
Dividend yield	2.1%	3.9%

Balance Sheet



Improvement of net liquidity in the second semester

CHF million	31/12/ 2018	31/12/ 2017
Total assets	1 002.3	1 048.2
Non-current assets	424.5	450.0
Net working capital	0.3	37.9
Liquid funds	257.1	244.4
Net liquidity	150.2	130.5
Short-term financial debt	0.2	7.3
Long-term financial debt	106.7	106.6
Shareholders' equity	446.6	457.5
in % of total assets	45%	44%

- Net working capital decreased to CHF 0.3 million (December 31, 2017: CHF 37.9 million)
- Net liquidity improved to CHF 150.2 million mainly affected by free cash flow
- Dividend of CHF 22.6 million (CHF 5.00 per share) paid out in April 2018
- Long-term financial debt includes bond issued in 2014 (CHF 100.0 million, 2014 to 2020, 1.5%)
- Shareholders' equity ratio improved to 45% (2017: 44%)

Net Working Capital



Decrease in net working capital

CHF million	31/12/ 2018	31/12/ 2017
Inventories	186.6	192.4
Trade receivables	80.2	88.3
Other current receivables	53.9	73.1
Trade payables	-96.3	-88.2
Advance payments	-58.6	-77.9
Other current liabilities	-165.5	-149.8
Net working capital	0.3	37.9

Net working capital decreased compared to prior year mainly due to:

- Lower advance payments as a result of lower order backlog at year end
- Improvements in all other net working capital positions

Free Cash Flow



Free cash flow amounted to CHF 63.6 million in 2018

CHF million	2018	2017
Net profit	32.0	13.3
Interest expense (net)	2.4	1.8
Tax expense	10.6	2.7
Depreciation and amortization	40.9	48.9
+/- Non-cash items	1.5	-3.6
+/- Change in NWC and provisions	5.7	-30.6
+/- Interest paid/received (net)	-0.9	-1.0
+/- Taxes paid	-13.8	-10.9
- Capital expenditure	-29.2	-29.4
+ Proceeds from sale of fixed assets	11.2	2.0
+/- Change in other financial assets	3.2	5.7
Free cash flow (before acquisition)	63.6	-1.1

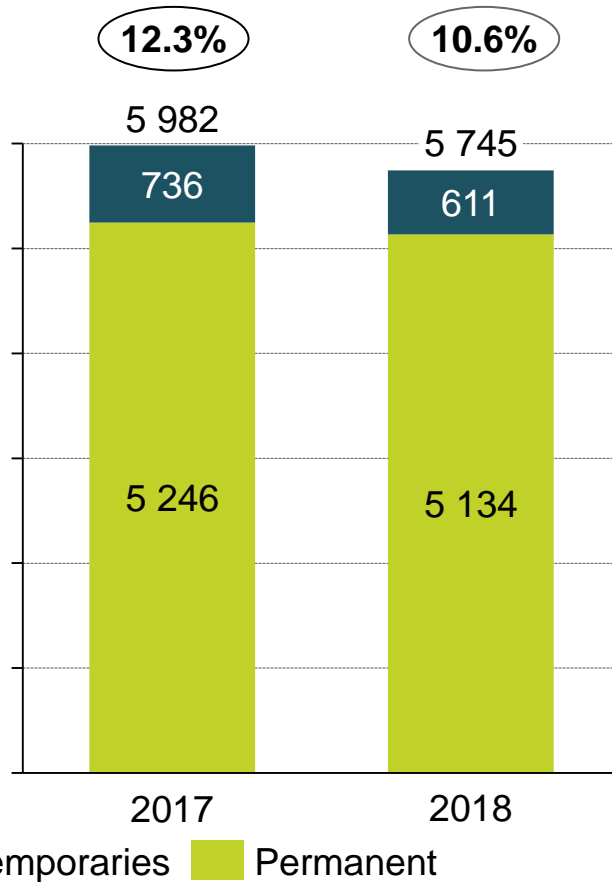
Free cash flow amounted to CHF 63.6 million in 2018 and was mainly driven by the following effects:

- Higher net profit compared to previous year
- Decrease in net working capital
- Disciplined investment policy
- Sale of tangible fixed assets (mainly in China)

Changes in Workforce

Decrease in workforce mainly a result of the restructuring in Ingolstadt

Temporaries
in %
FTE¹



¹ FTE = Full time equivalent, excluding apprentices, including temporary employees

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ITMA 2019 in Barcelona



The next milestone in Rieter's innovation program

June 20-26, 2019



Rieter Property in Ingolstadt/Germany



Transfer of production completed; sale of real estate expected in 2019



- Production fully transferred to the Czech Republic
- Rieter Group sells its real estate in Ingolstadt
- Signing took place in December 2018
- Rieter anticipates completing the transaction during the third quarter of 2019
- Extra-ordinary contribution to profit after tax of around EUR 60 million expected

- The weak market environment also led to low demand in the first two months of 2019.
- Rieter therefore expects a significant decline in sales, EBIT and net profit for both the first half of the year and the 2019 financial year (before extraordinary income from the sale of the property in Ingolstadt).
- Against this background, Rieter is working on the implementation of capacity adjustment and cost reduction measures. These measures include a reduction of the global workforce of around 5%.

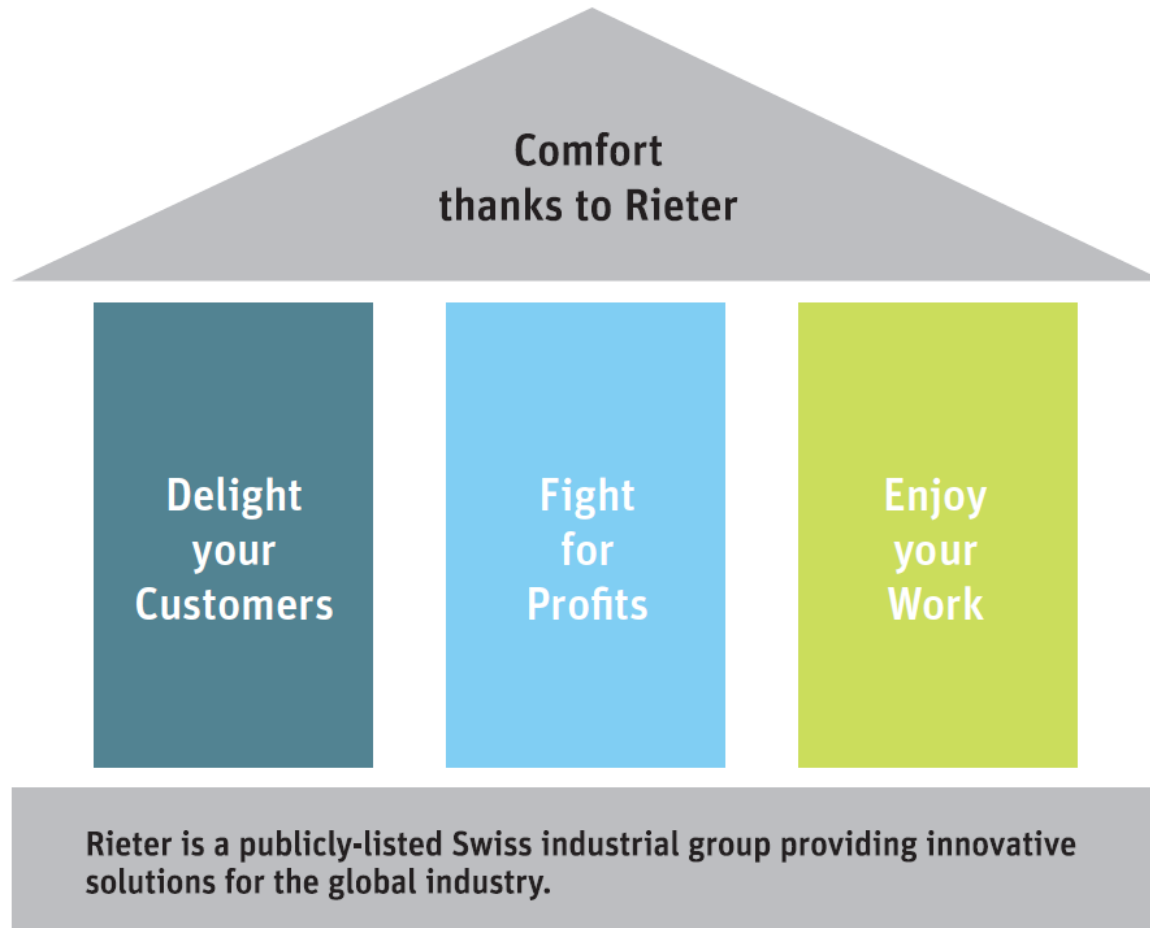
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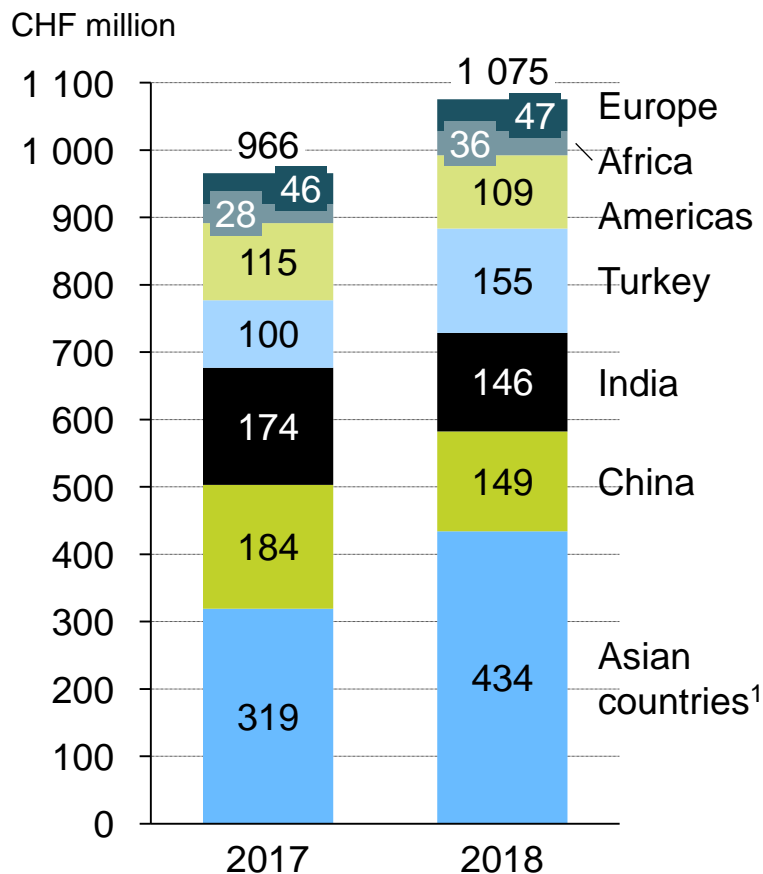
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Sales Development by Region



Growth in Asian countries and Turkey



- In Asian countries¹ (Uzbekistan with strong sales CHF 144.1 million), Rieter increased sales to CHF 433.9 million (+36% vs. 2017)
- Sales in China fell to CHF 148.6 million (-19% vs. 2017)
- In India, sales decreased to CHF 146.2 million compared to previous year (-16% vs. 2017)
- Sales in Turkey increased to CHF 154.8 million (+55% vs. 2017)
- In North and South America, sales declined to CHF 108.6 million (-5% vs. 2017)

¹ excluding China, India, Turkey

Financial Key Figures



Stronger profitability and cash flows in second semester

CHF million	FY 2018	HY2 2018	HY1 2018	FY 2017
Order Intake	868.8	357.0	511.8	1 051.5
Sales	1 075.2	559.9	515.3	965.6
EBITDA before restr. charges	83.8	49.2	34.6	94.6
EBITDA margin (of sales)	7.8%	8.8%	6.7%	9.8%
EBIT before restr. charges	42.9	29.6	13.3	51.8
EBIT margin (of sales)	4.0%	5.3%	2.6%	5.4%
Net profit	32.0	21.1	10.9	13.3
R&D expenditures	51.9	25.3	26.6	49.2
Capex	29.2	20.6	8.6	29.4
Free cash flow (before acquisition)	63.6	123.3	-59.7	-1.1

Key Data per Share



Rieter registered shares of CHF 5 nominal value Bloomberg: RIEN SW; Thompson Reuters: RIEN.S	31/12/2018	30/06/2018	31/12/2017
Shares outstanding excl. own shares (end of period)	4 480 956	4 526 037	4 524 754
Average shares (of period)	4 514 846	4 526 055	4 524 273
Share price (end of period) CHF	128.8	171.5	237.8
Market capitalization (end of period) CHF million	577	776	1 076

Return on Net Assets (RONA)



RONA of 6.6% in 2018

CHF million	31/12/2018	31/12/2017	2018	Change
Non-current assets	424.5	450.0		-25.5
Inventories and receivables	320.7	353.8		-33.1
Liquid funds	257.1	244.4		12.7
Total assets	1 002.3	1 048.2		-45.9
Non-current liabilities (excl. debt)	-128.4	-160.9		32.5
Current liabilities (excl. debt)	-320.4	-315.9		-4.5
Net assets (excl. debt)	553.5	571.4	548.9¹	
Net profit 2018			32.0	
Interest cost 2018			4.5	
Net profit before interest cost 2018			36.5	
RONA 2018 in %			6.6%	

¹ 12 month average