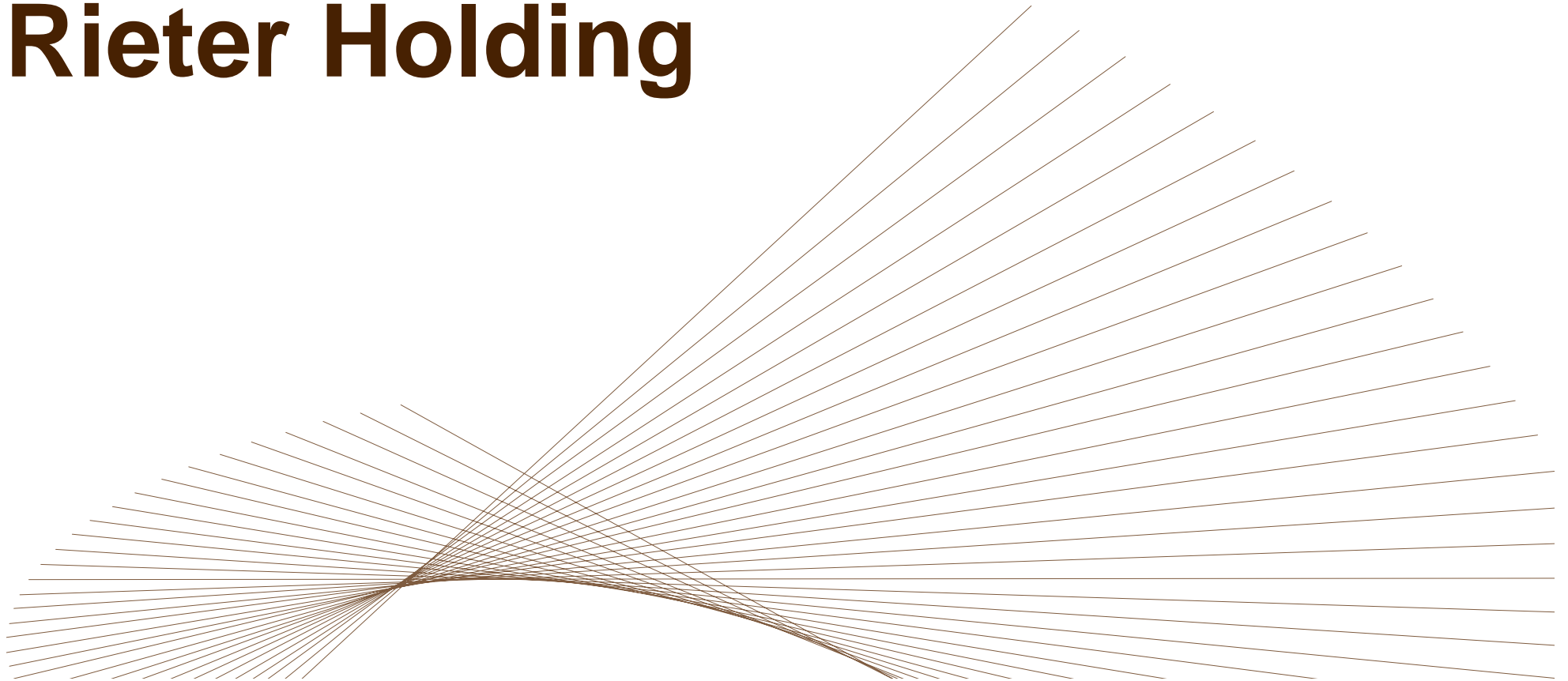


Obermatt

Market Performance Rieter Holding



Obermatt

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Schiffände 26
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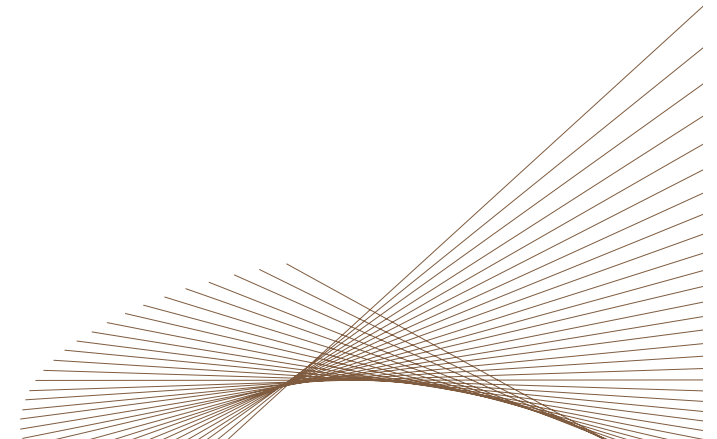
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www.obermatt.com

Market Performance Rieter Holding First Pass Assessment

4-Dec-08

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Disclaimer

This report is generated for illustrative purposes only.

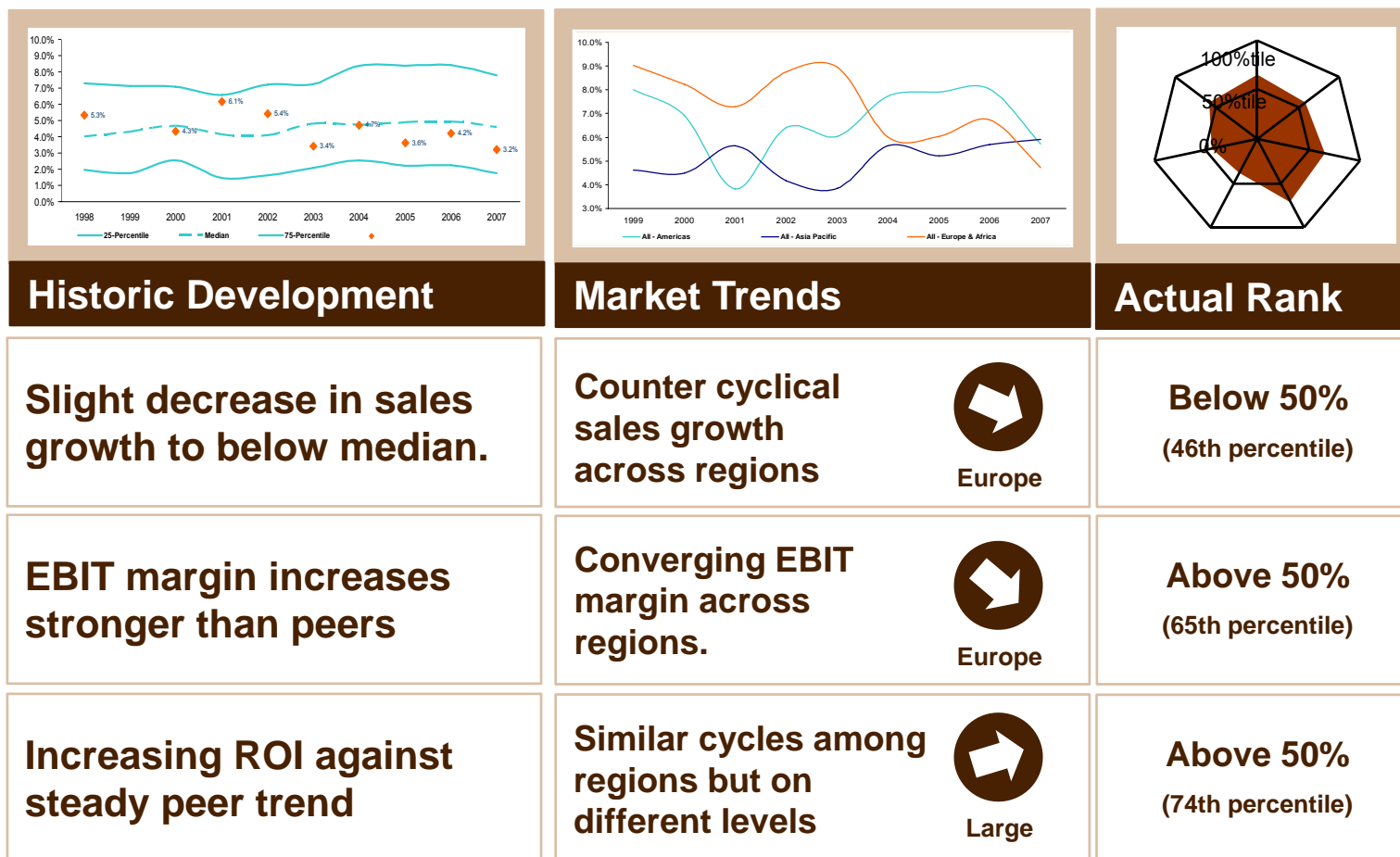
There has been no audit of the underlying data provided.

Only limited acquisition impact analysis or analysis of extraordinary effects have been conducted.

Only limited drill-down analysis according to business model, regional exposure or size effects has been executed.

Performance stated as of September 2008 only.

Executive Summary



Source: Data for Rieter Holding as well as for peer companies is provided by Thomson One Banker.

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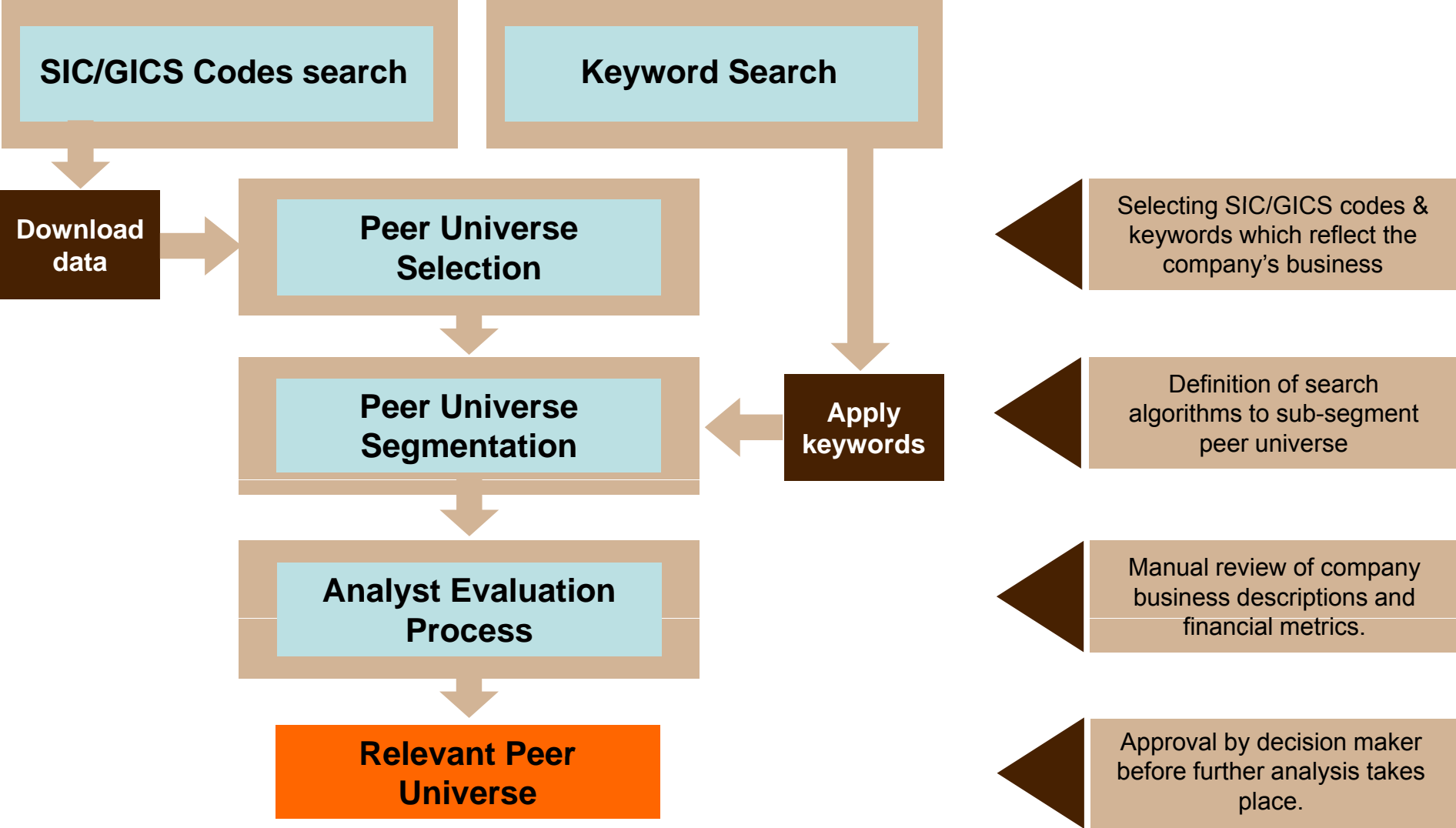
Operating Rank

Operating Radar

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About Obermatt

Peer selection methodology



Peer universe definition I

Industry codes

The following industrial classification codes were used to identify peer companies for Rieter Holding:

SIC codes

3714	Motor Vehicle Parts and Accessories
3296	Mineral Wool
3365	Aluminum Foundries

GICS codes

25101010	Auto Parts & Equipment
----------	------------------------

First pass peer universe

Segmentation by region and size

- The code search resulted in 211 public peers for Rieter Holding:

Auto Parts & Equipments	Large	Medium	Small	Total
Americas	13	13	6	32
Asia Pacific	30	78	46	154
Europe & Africa	8	15	2	25
Total	51	106	54	211

Large: Sales \geq USD 1000 m.; Medium: USD 100 m. < Sales < USD 1000 m.; Small: Sales \leq USD 100 m.

Americas: US, Canada, Latin America, South America, Europe & Africa: Europe, Developed Middle East, Africa; Asia Pacific: Asia, Australia

- To enlarge the peer universe, privately owned companies fitting Rieter Holding peer criteria could be considered for inclusion in the analyses.

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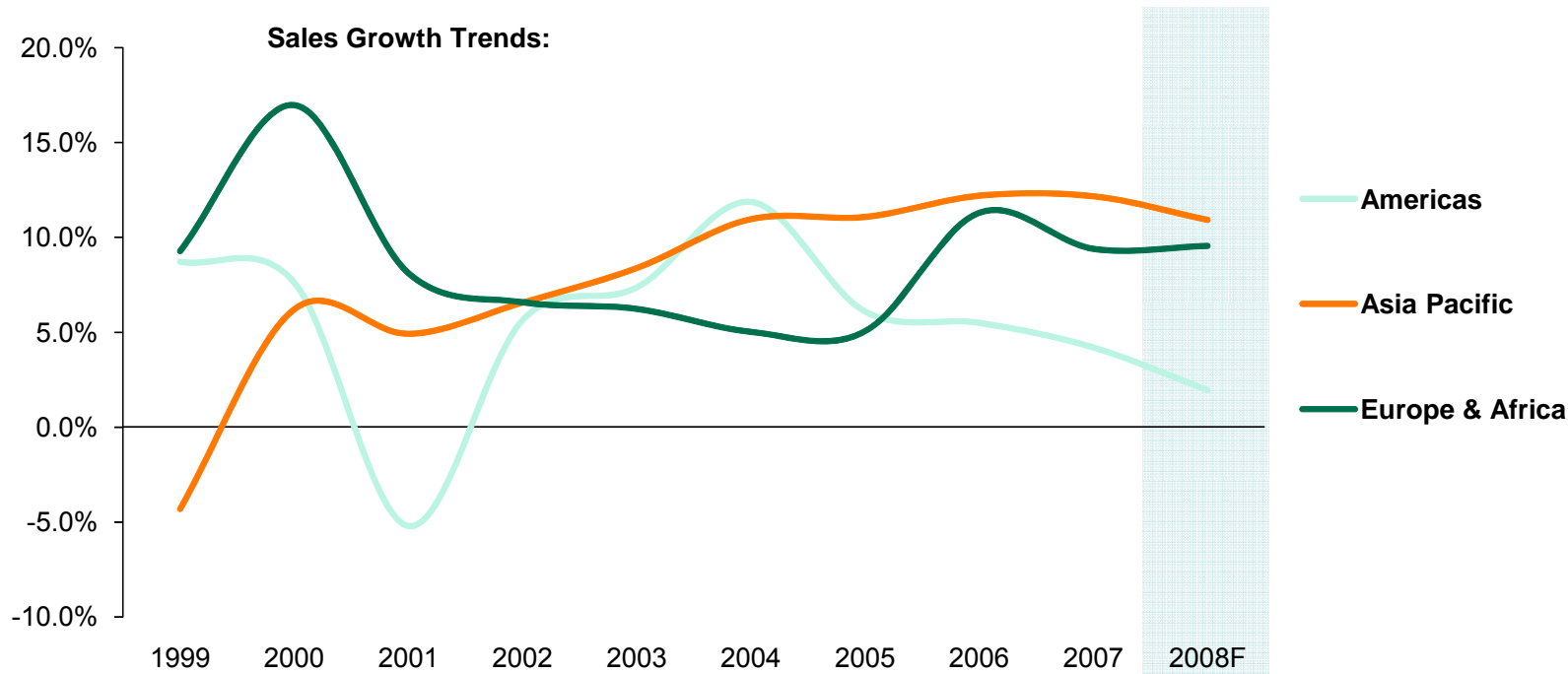
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Sales growth by region

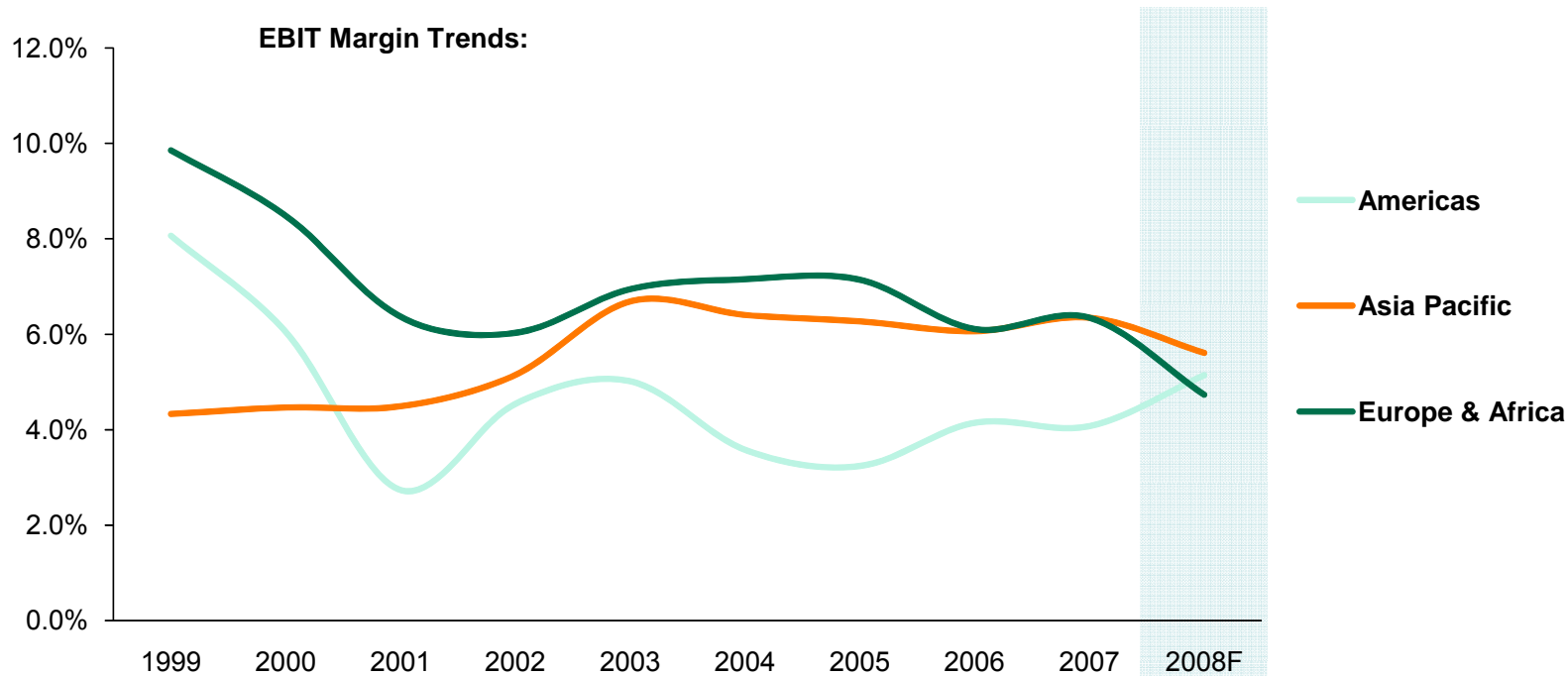


Counter cyclical sales growth across all regions. From 2002 on, Asia Pacific has shown the highest stability.

In 2008 both Americas and Asia Pacific are expected to decrease while Europe shows a slight upwards trend.

Peer Group: Auto Parts and Equipment

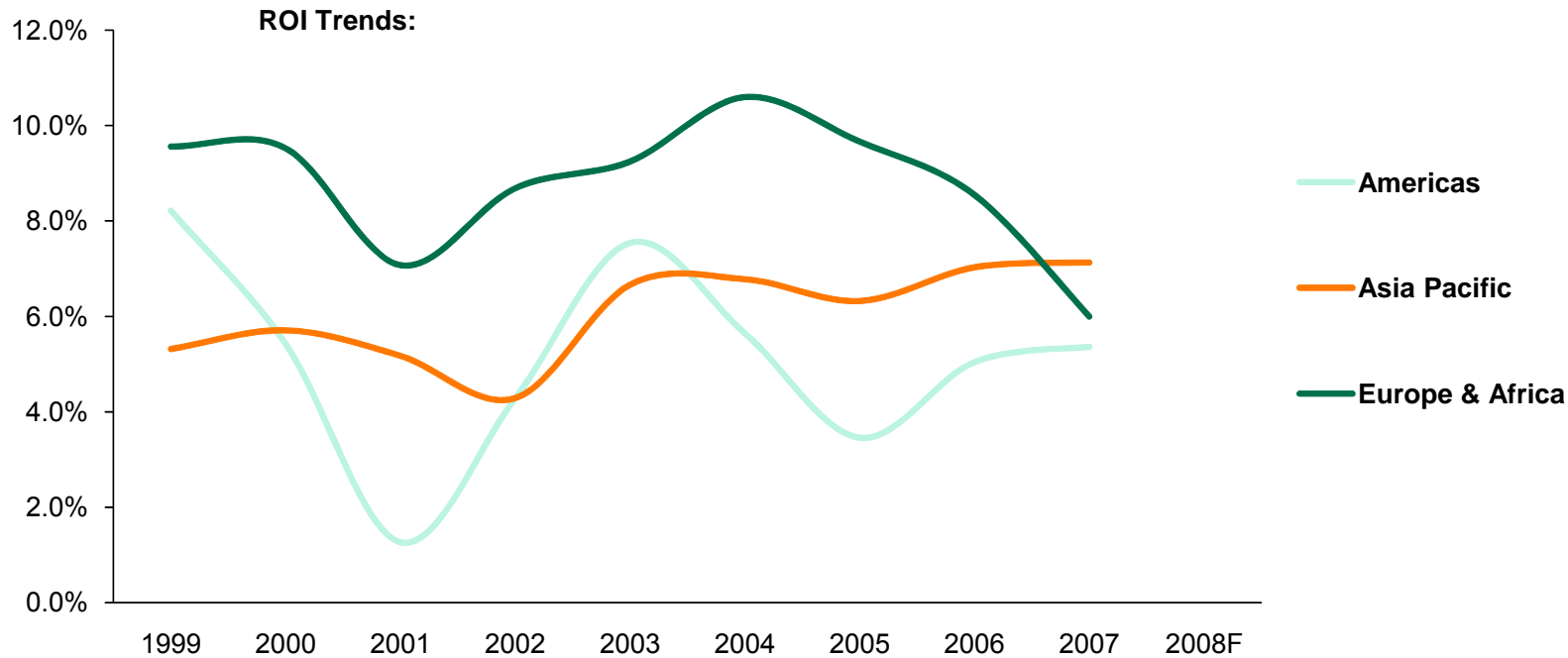
EBIT Margin by region



EBIT margin across regions has been steadily converging.

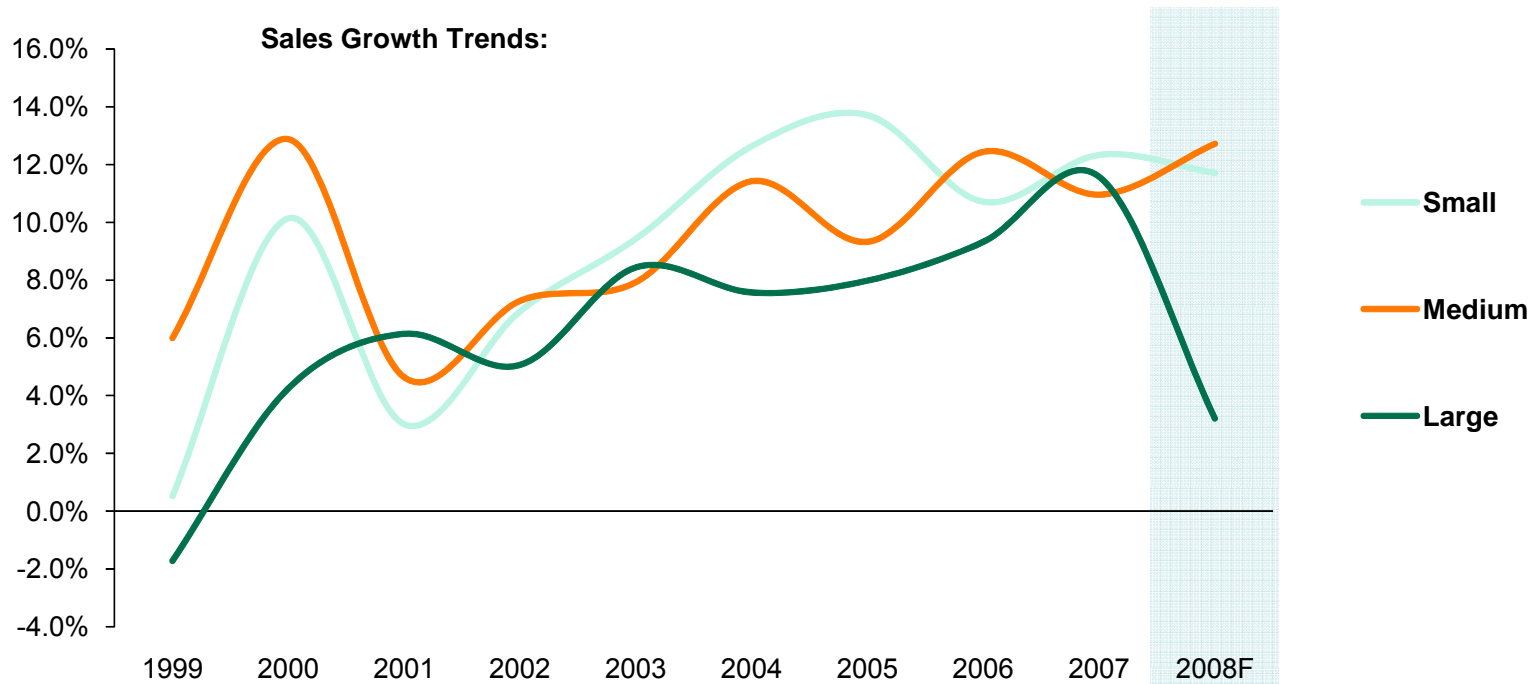
In 2008, the European trend is expected to decrease the most, while Americas is showing a slight upwards trend.

ROI by region



Return on investment is highest for European companies until 2006 after which it drops below performance in Asia Pacific. Americas shows the highest volatility during the time period shown. Asia Pacific with most stable trend continuing in 2007.

Sales growth by size

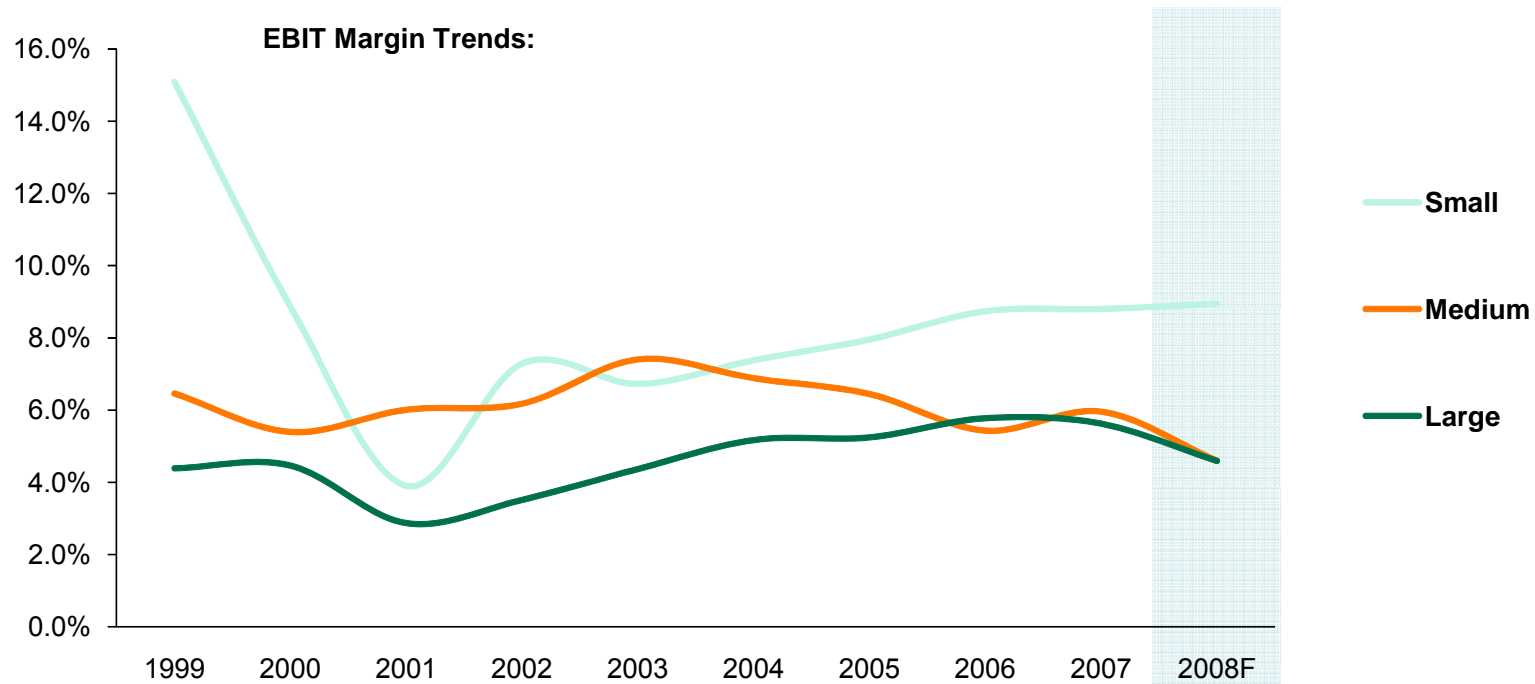


Similar sales growth trends for all sizes with slightly more volatile behavior for medium companies.

In 2008 a significant drop in sales growth is expected for large companies, while medium companies should be able to increasing their sales growth.

Peer Group: Auto Parts and Equipment

EBIT margin by size

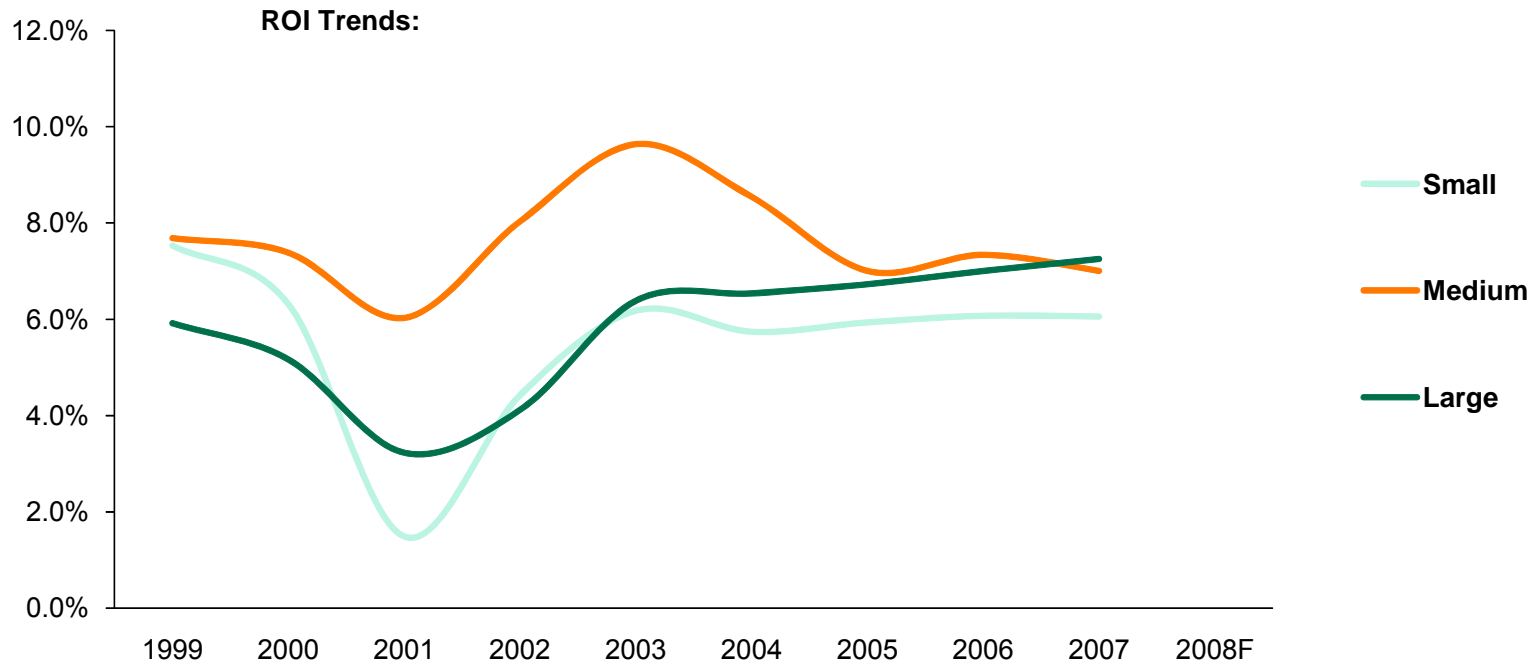


EBIT margin by size shows a relatively stable development for all company sizes but on different levels.

In 2008 it is expected that large and medium companies have a slight decrease while small companies remain steady.

Peer Group: Auto Parts and Equipment

ROI by size



Similar cycles for return on investment for all sizes but on different levels. After 2004 the ROI levels out for all companies. In 2007 both small and large companies are slightly increasing while medium companies are on a downward trend.

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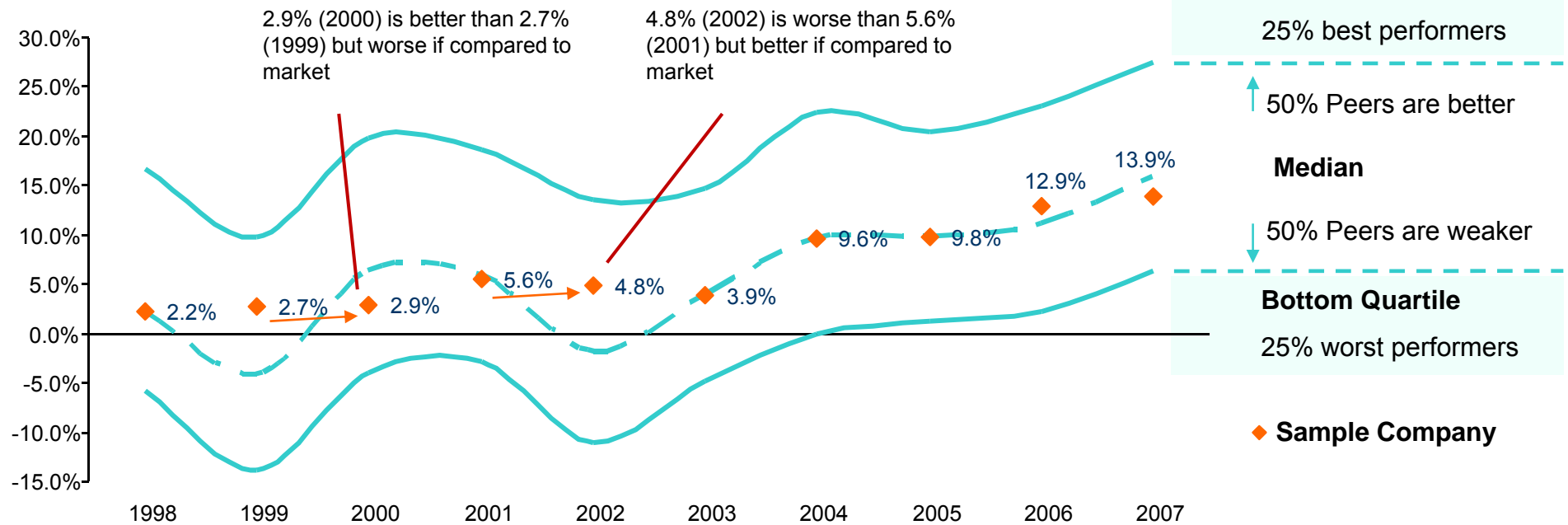
Operating Radar

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About Obermatt

The operating index

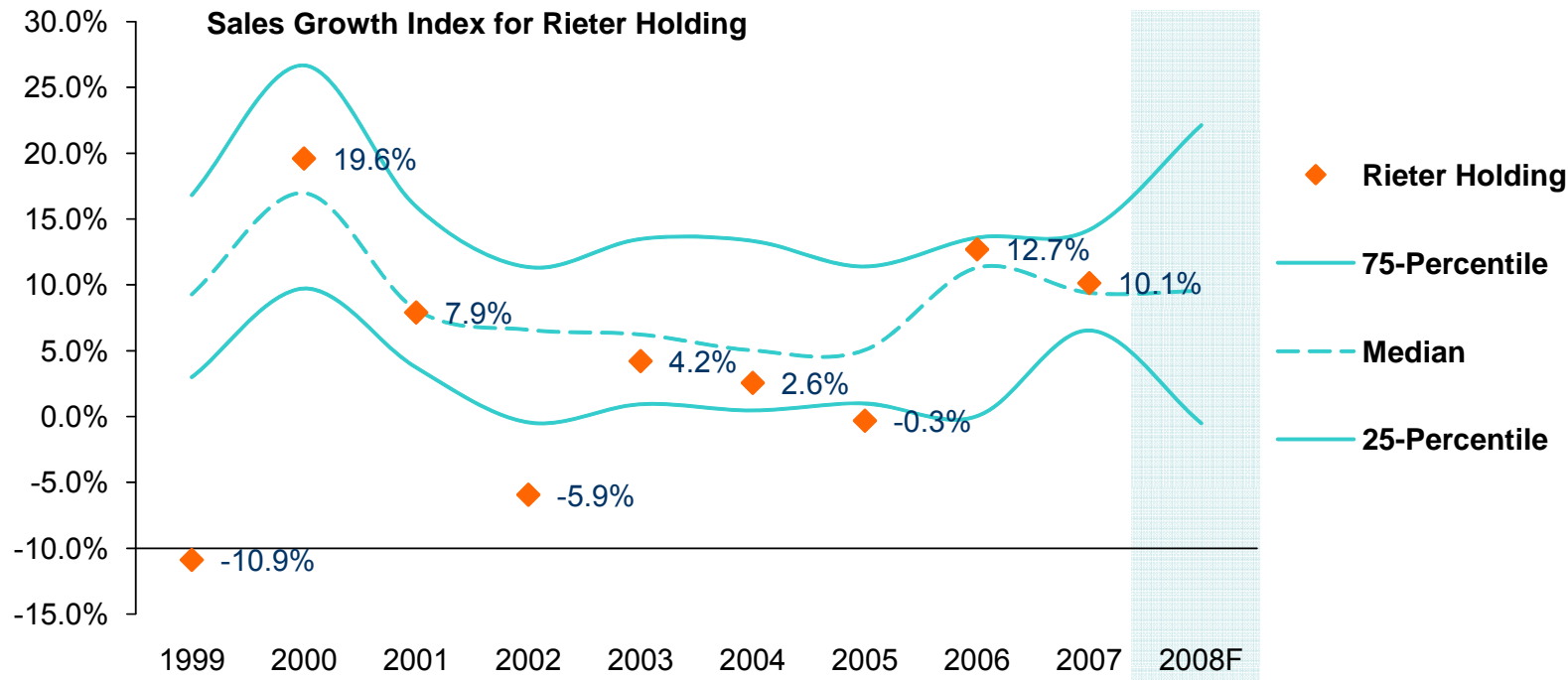
Sales Growth Index



The Operative Index shows the development per KPI against the selected Peer Universe (PU)

- Above 75-Percentile: The 25% of companies with highest performance compared to PU.
- Median: Average of the 50% of companies with median performance compared to PU.
- Below 25-Percentile: The 25% of companies with lowest performance compared to PU.

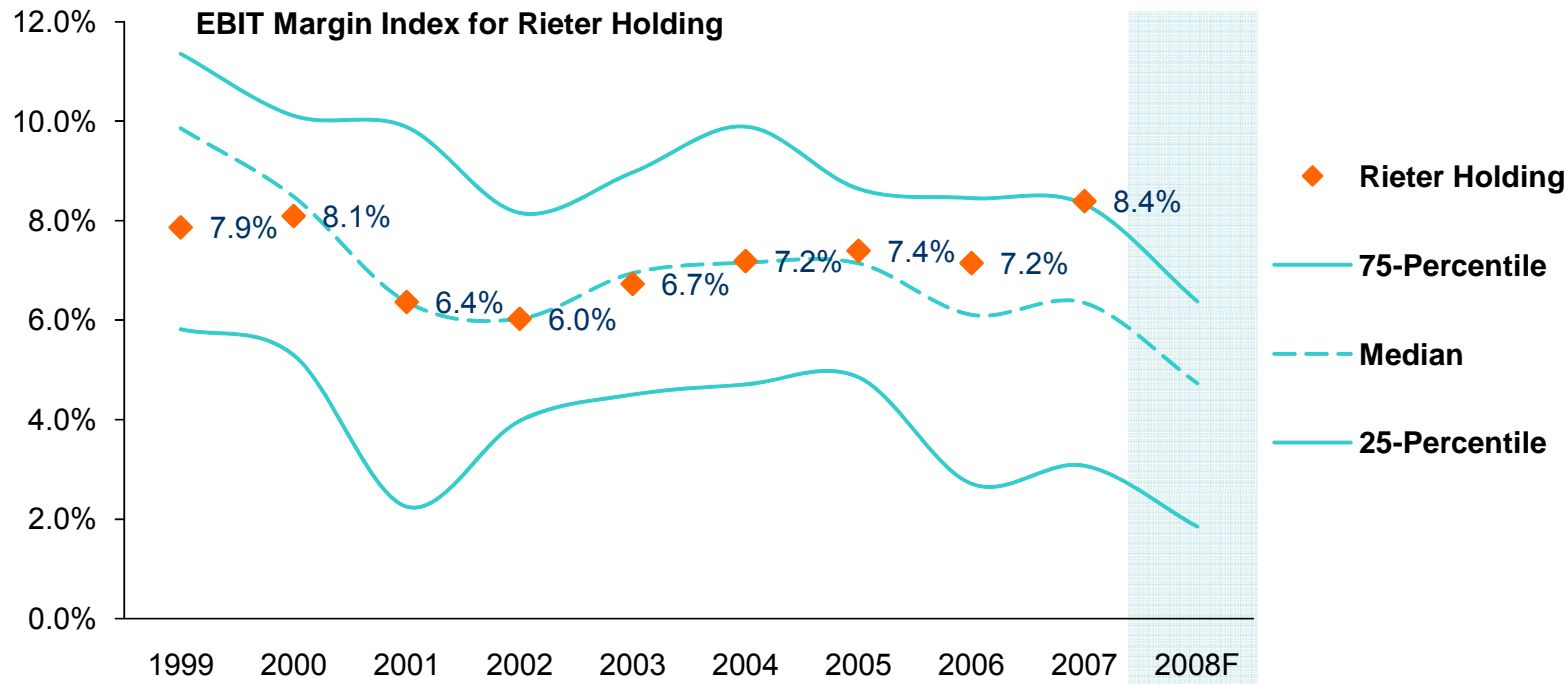
Sales growth against European peers



Against European peers Rieter Holding sales growth has been positioned around the market median, except for 1999, 2002, and 2005. In 2007 sales growth is slightly above the market median.

Peer Group: Auto Parts and Equipment

EBIT margin against European peers

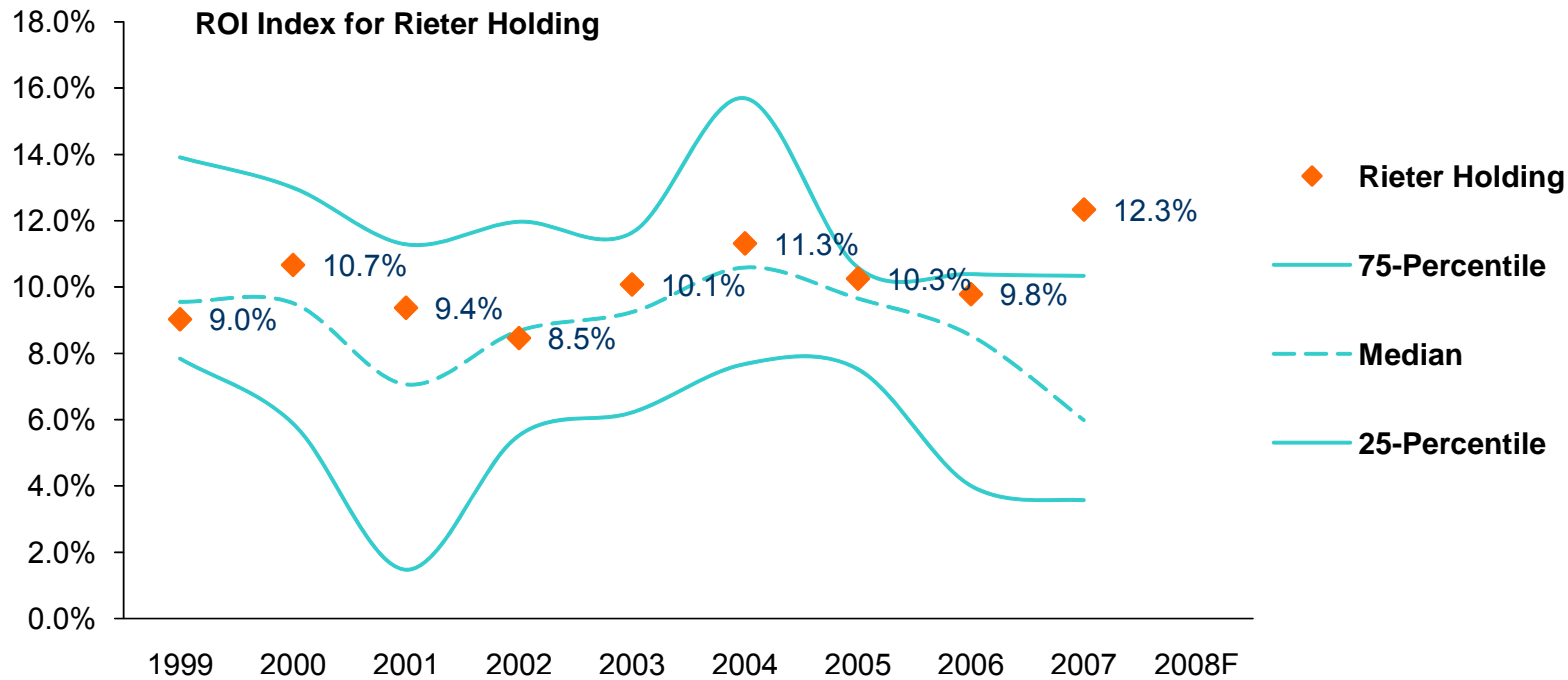


EBIT margin for Rieter Holding against European peers is consistently around the market median for all years except 1999 and 2006. A sharp increase is seen in 2007 which places Rieter among the top 75% of companies in the European peer universe.

The EBIT margin is expected to decrease for 2008.

Peer Group: Auto Parts and Equipment

ROI against European peers



The return on investment for Rieter Holding against European peers is above the median for all years except 1999 and 2002. With a sharp increase in 2007 the ROI has increased to above the 75th percentile.

Peer Group: Auto Parts and Equipment

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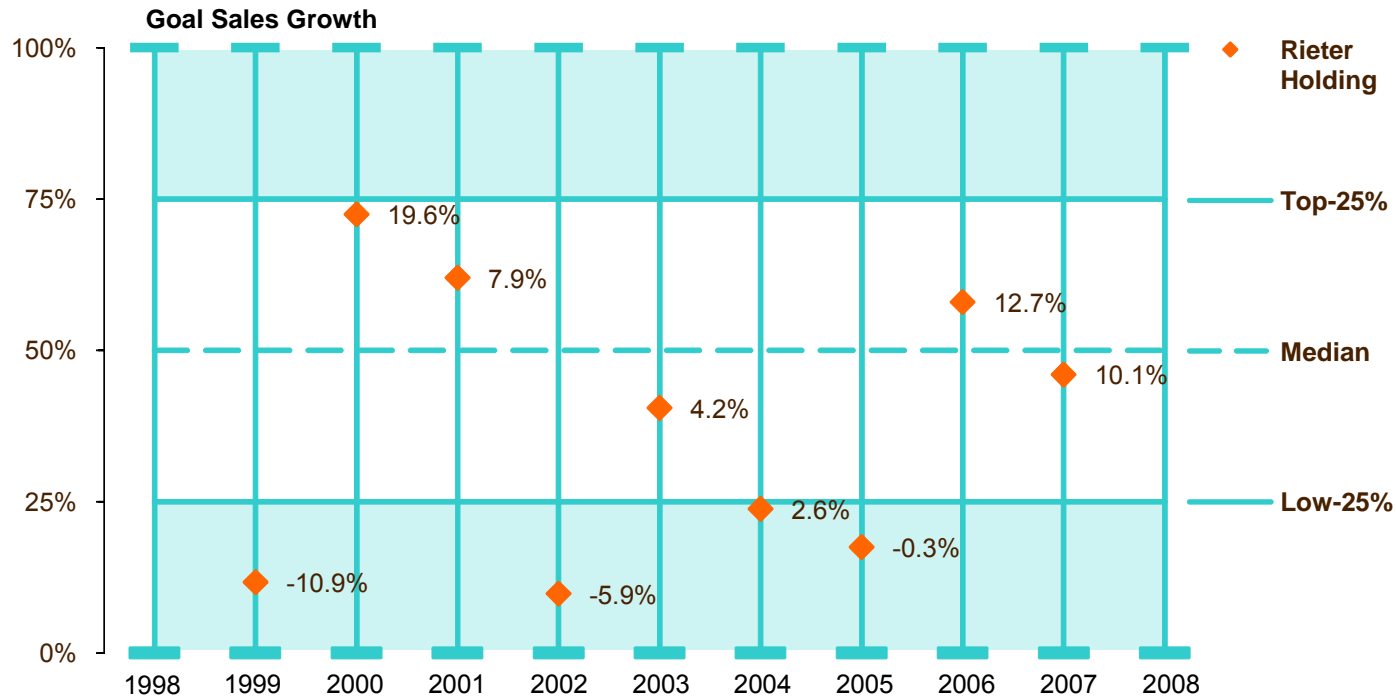
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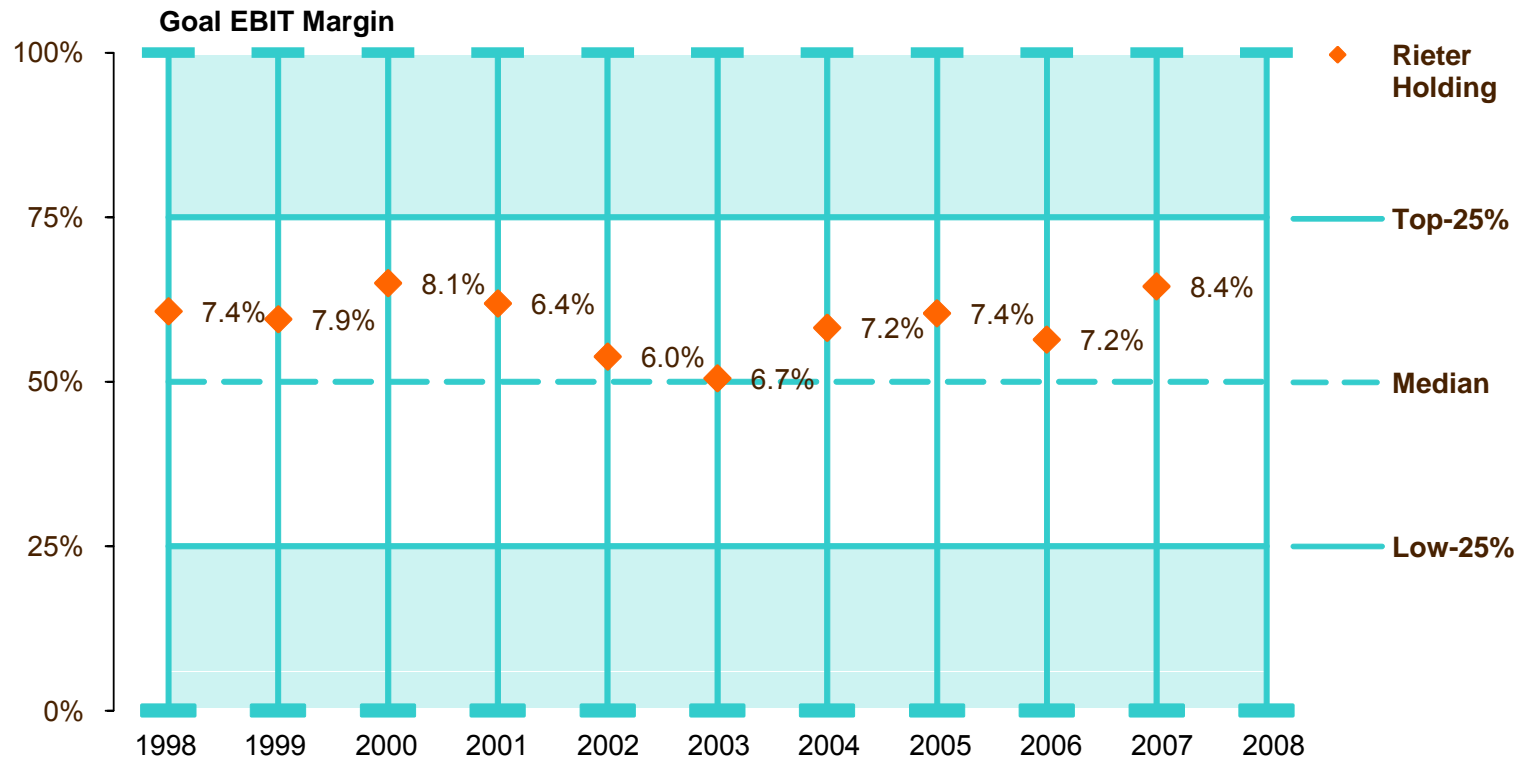
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Sales growth rank below 50%



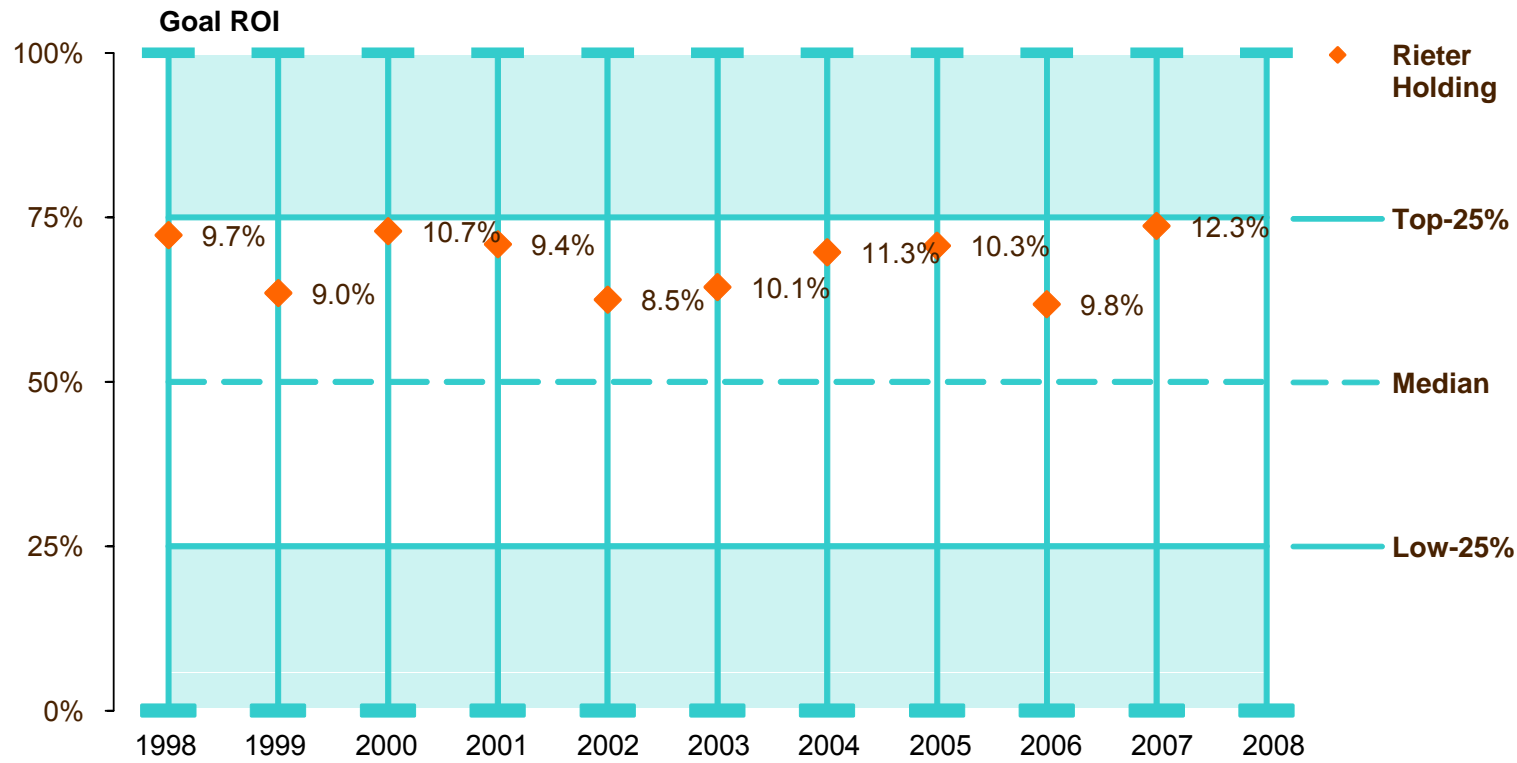
After managing to increase the sales growth rank to 58% in 2006, it has fallen back down below the 50th percentile in 2007.

EBIT margin rank above median



EBIT margin rank for Rieter Holding is consistently above the 50th percentile. In 2007 the EBIT margin rank is at 64.5%.

ROI rank just below 75%



Return on investment for Rieter Holding between 50 and 75 percent for all shown years. In 2007 the Rieter managed to increase the ROI to slightly below the 75th percentile.

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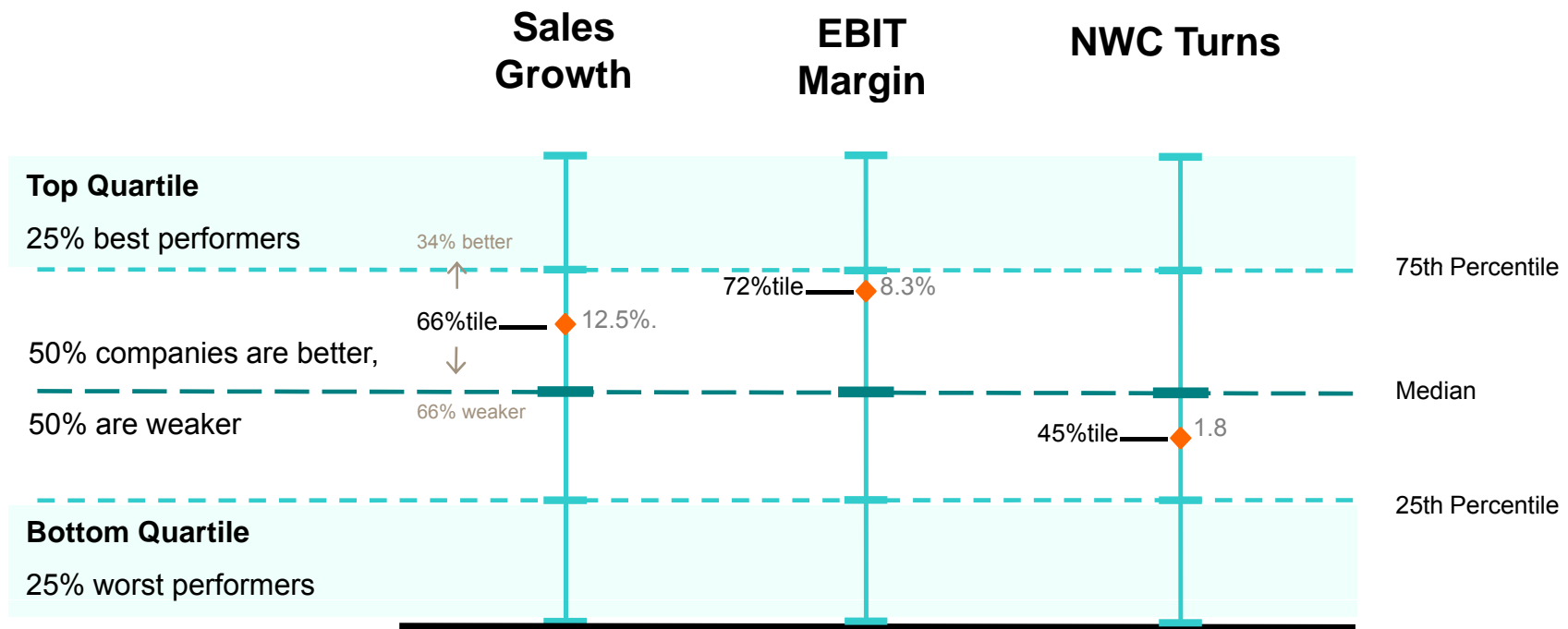
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Direct comparison through percentile measurement

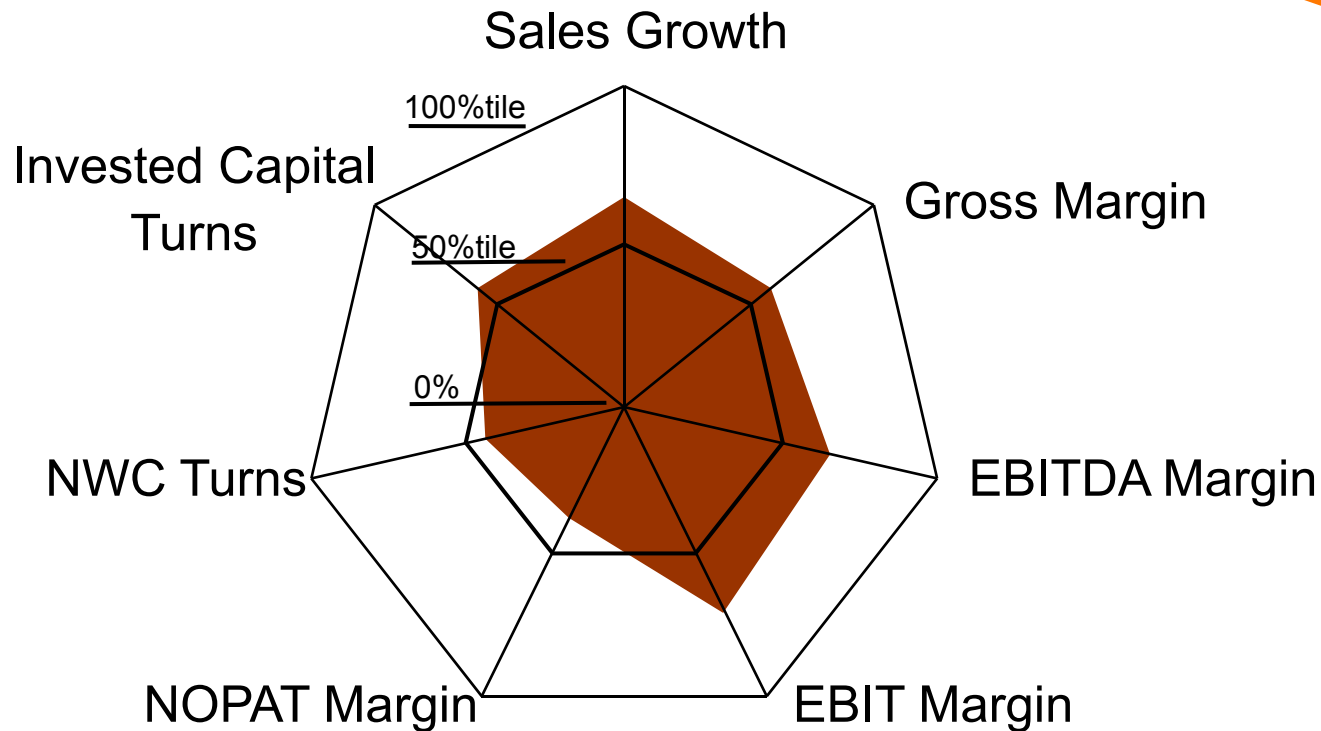
ILLUSTRATION



By normalizing the important KPIs to a percentile rank the direct comparison of all value drivers is made possible.

Value gap with the Stern Radar

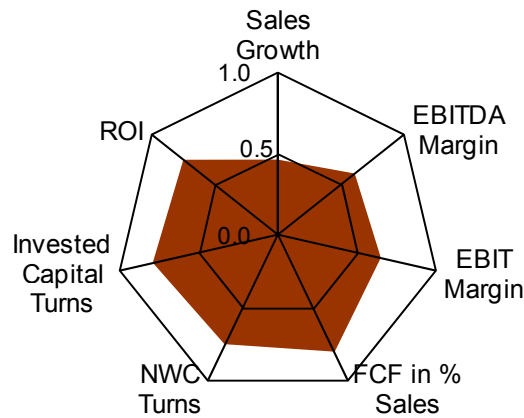
ILLUSTRATION



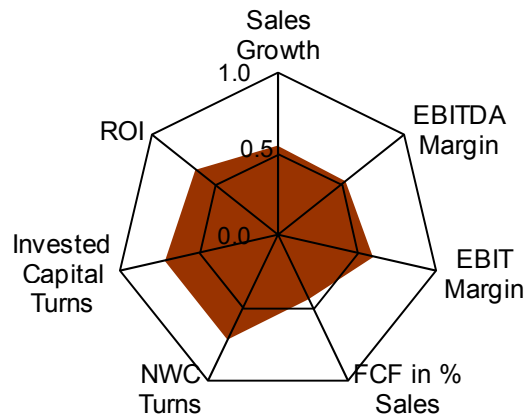
The Stern Radar shows the important KPIs compared to the Peer Universe. The further away from the center, the better the performance. The 50th percentile is equal to the market median.

Strong performance compared to peers in 07/06

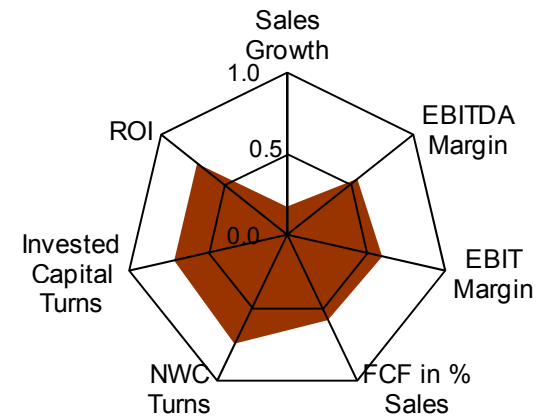
Rieter Holding 2007



Rieter Holding 2006



Rieter Holding 2005



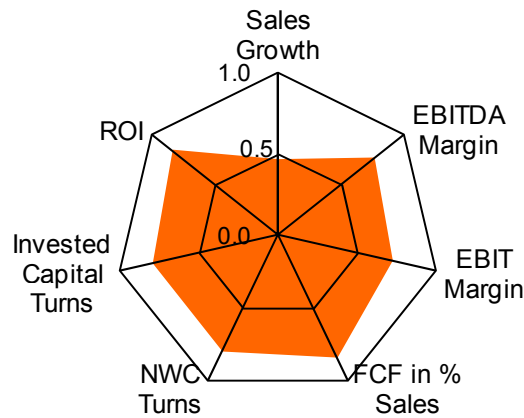
Analysis shows core value metrics of Rieter Holding against peers: The further away from the center, the better the performance against competition. Inner circle corresponds to median performance.

By 2007, Rieter Holding shows a strong position in all KPI's except for sales. FCF in % sales shows a strong improvement from 2006 to 2007.

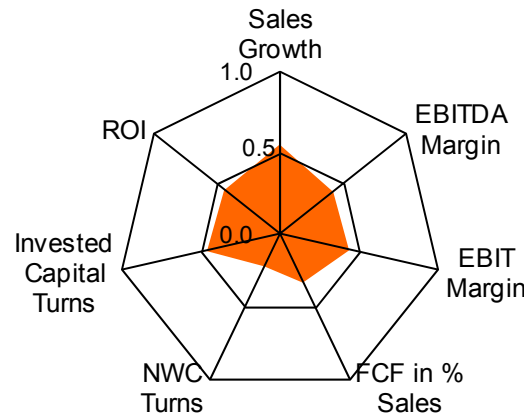
Peer Group: Auto Parts & Equipments

Strong performance compared to peers in 2007

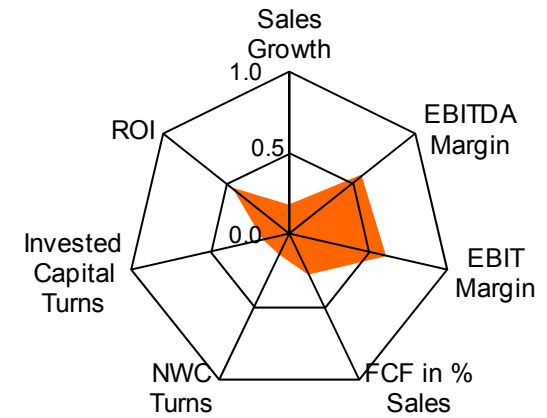
Rieter Holding 2007



Rieter Holding 2006



Rieter Holding 2005



Analysis shows position in improvement from one year to another of Rieter Holding against peers.

Rieter Holding has shown a strong performance compared to peers in the last year except in sales growth.

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Operational benefits

Bonus: Market based bonus targets are fair and robust

traditional: goals based on budgets are often outdated

indexed: rank goals measure operating performance and remain valid for years

Strategy: Indexed performance measures value contributions

traditional: value can only be measured on profit level

indexed: value contribution can be measured by financial metric

Investing: Indexing measures Operating Alpha

traditional: Investments are compared using discounted present values

indexed: Investment are compared with Operating Alpha on all value drivers

The Obermatt advantage

Industry focus

We know your industry from the investor's market perspective

Experience

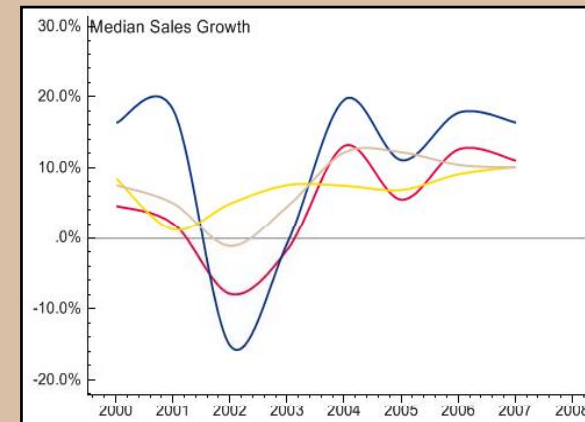
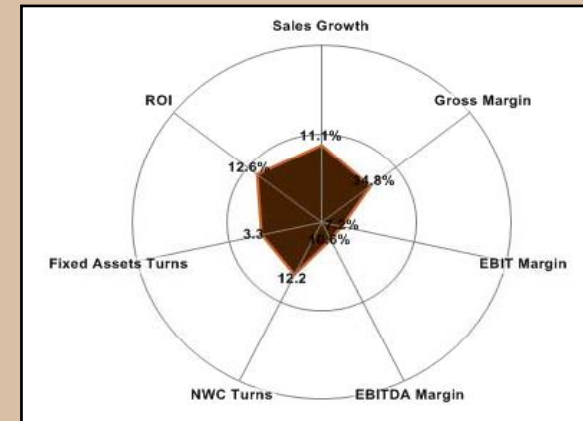
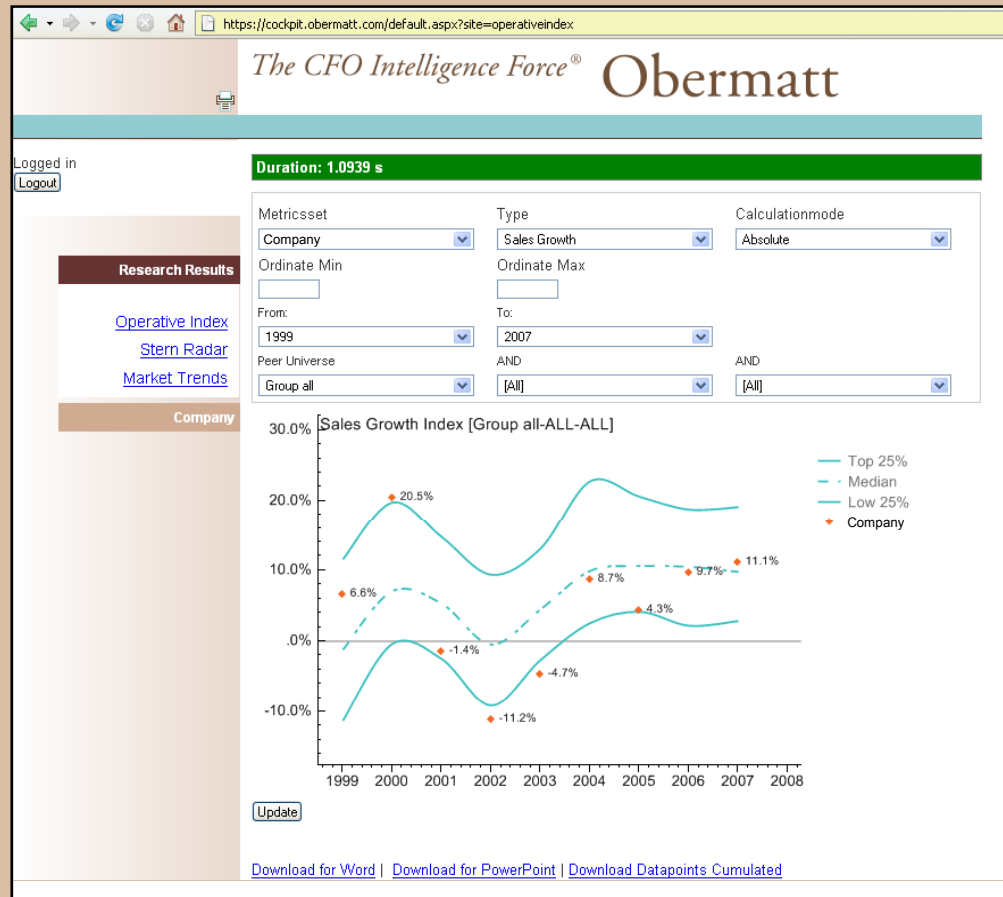
We exclusively perform finance intelligence for decision makers

up-to-date

We maintain and update your market data in your own personal online cockpit: <https://cockpit.obermatt.com>

Online Cockpit

<https://cockpit.obermatt.com>



Implementation process



Manual review of peer universe

Analyze market trends

Discover misleading signals
(Operative Index)

Detect value gaps
(Stern Radar)

Additional finance intelligence

Measure performance competitively

Define goals competitively

Couple incentives to market outperformance

Generate higher company value
(Ø 24.4%*)

* Robert T. Kleimann, Professor of Finance Oakland University, in: Journal of Applied Corporate Finance, Summer 1999, 80ff: Mean 28.8% value increase compared to peers reached after three years (4.4% of which achieved prior to introduction).

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Obermatt Executive Board



Dr. Hermann J. Stern

Hermann Stern is CEO of Obermatt. He holds a Ph.D. in Business Ethics from the University of St. Gallen in Switzerland, and teaches at various executive education programs. He is the author of two books, *The Value Cockpit*, Wiley & Sons, 2004 and *Competitive Value Management*, Wiley & Sons, 2007, as well as numerous articles published in Harvard Business Review, the Financial Times and brand eins, among others.



Keating Coffey

Keating Coffey is President of Obermatt and Head of US operations. Educated at Dartmouth College and UCLA, he subsequently earned both a masters degree in counseling psychology and a doctorate in clinical psychology. He remains a licensed professional counselor and brings to Obermatt experience in executive coaching and organizational consulting.



Doris Schurdak

Doris Schurdak is Financial Research Director at Obermatt. Educated at the University of St. Gallen in Switzerland, she holds a masters degree in Political Science. She has worked in commercial banking at Credit Suisse and in investor relations at Sulzer. She was a sell side analyst for Deutsche Bank and Kepler Equities, where she covered the healthcare and chemical industries.



Otto Rathsmann

Otto Rathsmann is Head of Northern European operations at Obermatt in Stockholm, Sweden. He holds a Bachelor of Arts degree in Management from the University of Stockholm, and is a former CFO of Cablecom (Switzerland), telecommunications provider NTL (UK), and GE Medical Systems Europe for General Electric.



Klaus Falk

Klaus Falk is Director of Sales at Obermatt. Educated at the University of Applied Sciences Bremen and the Filmakademie Baden-Württemberg, he completed both a B.A. in business and postgraduate studies in film production. He has produced numerous commercial films, as well as working in communications, marketing and sales for several industrial enterprises.

Obermatt Advisory Board



Stephen O'Byrne

Stephen O'Byrne was a consultant for the U.S. Securities & Exchange Commission (SEC), the Financial Accounting Standards Boards (FASB) and Credit Suisse First Boston Equity Research. Mr. O'Byrne was also active as Senior Vice President of Stern Stewart & Co., New York, and a principal in Towers Perrin. Currently he is president of Shareholder Value Advisors in New York. Mr. O'Byrne holds a Bachelor of Arts in Political Science and a Masters in Mathematics from Northwestern University. He is the author of numerous publications, including «EVA and Value-Based Management».



Dr. Stefan Ott

After completion of his studies in business mathematics in Germany, Dr. Stefan Ott was research assistant at the University of St. Gallen (HSG). There he received his PhD in risk measurement. Since then he is lecturer and researcher at the department of mathematics and statistics at the University of St. Gallen as well as at the FHS St. Gallen, University of Applied Sciences. Aside he is consultant for statistics problems and analysis for several projects and works as an expert in statistics for selected companies.



Niels Pfläging

Niels Pfläging is director of the Beyond Budgeting Round Table and president of the consulting company MetaManagement Group in São Paulo, Brasil. His career as Business Controller took him from Xerox Argentina to Boehringer Ingelheim and finally to ThyssenKrupp Automotive Systems in Brasil. His current book „Leading with Flexible Targets – Beyond Budgeting in Practice“ was published in September 2006 and won the Price for Best Business Book 2006, which is awarded by the Financial Times Germany. Niels Pfläging studied Business Administration in Hannover and Sevilla (Spain).



Dr. Alwin Locker

Dr. Alwin Locker studied Business Administration and Mechanical Engineering as well as Corporate Finance and is an alumni of the University of St. Gallen (HSG). He also held multiple executive positions in the HANIEL- and SIG concern, among others as global head of supply chain management at the SIG Combibloc International AG. He is a regular instructor for purchasing and supply chain management for executive managers and a lecturer at conferences. Furthermore, he is co-author of the book "Beschaffungslogistik – mit praxiserprobten Konzepten zum Erfolg", Hanser Verlag as well as additional publications.

Obermatt Books



Marktorientiertes Value Management
Hermann J. Stern, Wiley & Sons 2007

Don't beat the budget – Beat the competition. Realize competitive advantages using Finance Intelligence Market Assessment.



Trends in Vergütungsstrukturen für Führungskräfte
Hermann J. Stern, Obermatt Partners 2003

This comprehensive study provides an overview of how bonus systems are defined, implemented and reviewed in a range of Swiss companies.



Das Value Cockpit
Stephan Hostettler and Hermann J. Stern, Wiley & Sons 2004

Seven steps to value based management for decision makers. The book provides insights for decision makers as how to implement value based management in operations.



Führen mit flexiblen Zielen
Niels Pfläging, Campus 2006

Beyond Budgeting in Practice. Leading with flexible targets sheds light on what's new and noteworthy in the Beyond Budgeting arena and explains case studies.



Beyond Budgeting, Better Budgeting
Niels Pfläging, Haufe 2003

Manage target-oriented without fixed budgets. The book shows that companies which abandon fixed objectives and budgets are more successful on a sustained basis.



EVA and Value Based Management
Stephen O'Byrne, Verlag MacGraw-Hill 2000

A guide to successful implementation of Economic Value Added. This book contains case studies which provide insights into potential pitfalls and misuses to be avoided.

Selected Published Obermatt Articles



Havard Business Manager
August 22, 2003

To mark the right signs
(Hermann J. Stern et al.)



Handelszeitung, September 19, 2007

Swiss Banks in World top quartile
(Hermann J. Stern et. al)



Financial Times, September 16, 2003

Staying objective (Hermann J. Stern)



CFO aktuell, October, 2007

Management assessment on competition
(Hermann J. Stern)



Neue Zürcher Zeitung, May 10, 2005
Incentive Leverage increases share price
(Hermann J. Stern et al.)



Schweizer Bank, October 22, 2007

Credit Suisse top and flop
(Hermann J. Stern)



Finanz und Wirtschaft, February 21, 2006
How much “air” in SPI share prices?
(Hermann J. Stern)



Zeitschrift für Corporate Governance
December, 2007

Benchmarking by the supervisory board
(Hermann J. Stern)

Obermatt in the Press



Handelszeitung April 9, 2003
Unpopular option plans



Bilanz, September, 2007
Finance trumps sales



brand eins, Februar, 2004
Dialog on incentives
interview with Dr. Hermann J. Stern



Ingenieurkarriere
November 2, 2007
Competitive performance
assessment drives pay



Cash, October 7, 2004
Pushing in the same direction



Financial Times Deutschland
December 23, 2007
Focus pay on competition – on
Hermann Stern's book
„Marktorientiertes Value
Management“



CFO Europe, July 3, 2007
Seeds of Change



VDI Nachrichten
December 14, 2007
Gold medal instead of money
Interview mit Hermann J. Stern

Clients about Obermatt...



Paul Candrian, CFO, Elma Group

«Obermatt's financial expertise gave us valuable and relevant-to-action insights for the evaluation of the company and to the analysis of the further development of our businesses. In particular we appreciate the quantitative approach, which confirmed the expectations of the capital market and investors.»



Helmut Elben, Head of Corporate Planning, Georg Fischer AG

«We use Obermatt finance intelligence services as a management tool, because benchmarking our divisions with our peers lets us know if we are moving quickly enough and in the right direction.»



Christian Leu, former CFO, Leica Geosystems

«Value orientation is a top priority for us. We are very satisfied with the competence and effectiveness with which Obermatt was able to successfully support our internal efforts.»



Jean-Claude Philipona, CEO, Adval Tech

«Obermatt's value based management workshop was for our management and our board of directors enlightening, not least because it did not work with fictitious examples, but with our real situation. Potentials for optimization were immediately visible.»



Max M. Müller, CFO, Schulthess Group

«The Obermatt Cockpit impressed me with its comprehensive overview of developments in all parts of the organization. Trends, risks and opportunities come to light in the top-down view for executive management.»



Dr. Paul Hälg, CEO, Dätwyler Holding AG

«Competitive benchmarking of our divisions is an important component in the leadership process of the broadly diversified Dätwyler group. The Obermatt trend analysis points out clearly the most important value potentials and gaps and serves as basis for the strategy and goal setting process.»

Clients about Obermatt...



Jouni Heinonen, CEO, Gurit AG:

«Obermatt's philosophy of management incentives based on decentralization and motivation convinced me to implement their value based incentive system at Gurit.»



Martin Zwysig, former CFO, Schaffner Holding

« Thanks to Obermatt's benchmark I could easily identify our company in the market. This fact permits a zero-based approach, that uncouples the target from the historic trend. »



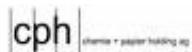
Roland F. Trächsel, former CEO/CFO, Vitra

«I particularly appreciated that Obermatt responds very uncomplicated to our requirements in the value based management without tracking a preconceived procedure.»



Andreas Moser, CFO, Mikron

«The Obermatt peer universe process is an effective methodology. The resulting graphical and statistical analyses are convincing.»



Dr. Max Michel, CFO, CPH Chemie Papier Holding AG

«I used the Obermatt Peer Universe to verify our strategic targets with an outside-in-view. This enabled us to better understand our expectations in the capital markets.»



Riccardo Griglio, Head of Strategy & Innovation, Swisscom IT Services AG

«I like about the Obermatt market approach that one can discuss the visualized results efficiently in the management team and the board. Ambitions can be validated simply with reference values from the market. Obermatt works uncomplicated and swift.»

Obermatt

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