



## PRESS RELEASE

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**Franke annual financial statements for 2009: improved liquidity and higher equity ratio despite decline in sales and earnings**

**The Franke Group posted net sales of CHF 2,415.8 million in 2009, representing a decrease of -17.7% on the previous year. Earnings were also down but managed to improve in the course of 2009 from quarter to quarter as cost-saving measures took effect and demand stabilized.**

### **Total sales**

The consolidated accounts for 2009 showed sales of CHF 2,415.8 million, down -17.7% on last year's figure (CHF 2,936.4 million). Organic sales declined by -14.0%, and negative currency effects amounted to -3.5%. Divestments contributed -0.3% to the decline in sales, while acquisitions accounted for +0.1% growth.

### **Business Areas**

The following table shows Group sales broken down by the different divisions/activities:

Division/Activity in CHF million	2009	2008	Δ in %
Franke Kitchen Systems <sup>1)</sup>	1,504.8	1,809.0	-16.8
Franke Foodservice Systems <sup>2)</sup>	553.5	610.1	-9.3
Franke Washroom Systems <sup>3)</sup>	147.4	166.5	-11.4
Franke Coffee Systems <sup>4)</sup>	159.4	200.3	-20.4
Franke Beverage Systems <sup>5)</sup>	77.4	185.2	-58.2
Other Activities <sup>6)</sup>	28.7	29.8*	-3.7
Corporate	-55.4	-64.5	14.1
<b>Consolidated Group</b>	<b>2,415.8</b>	<b>2,936.4</b>	<b>-17.7</b>

<sup>1)</sup>Sinks, hoods, taps, hobs, ovens, etc. <sup>2)</sup>Systems and services for quick-service restaurants <sup>3)</sup>Washroom and sanitary systems in public and semi-public areas <sup>4)</sup>Superautomatic, professional and semi-professional coffee machines <sup>5)</sup>beverage containers <sup>6)</sup>Industrial Engineering and Tool Manufacturing  
 \* Adjusted to exclude divestments of CHF 5.9 million in 2008.

## Regions

Sales figures by region were as follows:

Sales market	2009	%	2008	%	Δ in %
EU27	1,091.9	45.2	1,347.8	45.9	-19.0
North America	524.2	21.7	646.0	22.0	-18.9
Switzerland	96.6	4.0	99.9	3.4	-3.3
Africa / Middle East	435.0	18.0	473.0	16.1	-8.0
Other countries	268.0	11.1	369.7	12.6	-27.5
<b>Total in CHF million</b>	<b>2,415.8</b>	<b>100.0</b>	<b>2,936.4</b>	<b>100.0</b>	<b>-17.7</b>

## Earnings

Earnings were down on the previous year and were greatly affected by pronounced restructuring efforts and the special costs associated therewith. However, after a weak start profitability increased quarter on quarter.

## Assurance of financing

Extensive cost-cutting measures were put in place back in 2008 in a bid to safeguard liquidity. These measures included a drastic halt to recruitment and a moratorium on investment. Reduced working hours, plant closures and mergers also featured heavily.

There was a marked improvement in liquidity as compared to the previous year. Moreover, there was a clear reduction in the net debts thanks to restrictive investment practices and improved net working capital.

### **Balance sheet analysis**

The equity increased from the previous year's ratio of 46.6% to 50.0%.

### **Personnel**

The average number of staff employed by the Franke Group in 2009 was 11,141. The workforce numbered 10,445 as at 12/31/2009, representing a decrease on the previous year of -1,493. Adjusted to structural changes the operational head count reduction reached -1,420.

### **Investments**

Total investments of CHF 100.1 million were made in the year under review (previous year: CHF 218.1 million). Of these, operational investments accounted for CHF 99.6 million and investments in acquisitions for CHF 0.5 million.

### **Restructuring of the Franke Group**

The new Group structure Franke Artemis Holding AG came into force with effect from 01/01/2010. Hence, the Franke Group with the subgroups Franke Kitchen Systems Group and Franke Commercial Systems Group, the Franke Real Estate Group and the various Artemis industrial participations were combined under one parent organization.

### **Outlook**

As the effect of the economic stimulus packages tapers off, another temporary stagnation is expected in the global economic recovery in 2010 before the situation gradually stabilizes in 2011. The restructuring measures already taken at Franke will continue to improve the earnings situation. Major challenges may arise due to progressive currency fluctuations and increasing raw material prices.

### **Please note**

The detailed course of business for 2009 will be presented at the press conference on financial statements in Zurich on **May 27, 2010 from 8:30 a.m.** Please send registration forms to Natascha Widmer, Franke Corporate Communications.



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*Franke is a world leader in comprehensive systems for domestic kitchens and for professional applications in food service, coffee preparation, beverage delivery and hygiene solutions.*

*Franke has a global presence and a local commitment to its customers, with some 10,500 employees worldwide operating through more than 70 subsidiaries in 37 countries. The Franke Group, whose head offices are in Aarburg, Switzerland, generated consolidated sales of 2,415.8 million Swiss Francs in 2009.*

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