

**PRESSE-COMMUNIQUÉ****SUBSTANTIAL INCREASE IN SALES AND  
IMPROVED PROFITS**

Franke is an international leader of products and services, destined for the preparation of food in the household and catering industry. Today the group has established 57 companies (January 1, 2000) in 30 countries world-wide and additionally exports to over 100 countries. The group possesses 33 manufacturing plants and 62 marketing organisations.

The Franke group has again been able to improve the sales, the cash flow, the Return on Assets, the liquidity and the financing structure.

The consolidated sales for 1999 reached CHF 1,402.6 million and thereby exceeded the previous year's figure by CHF 315.3 million (+29 %). In local currency, an increase in sales of CHF 281.1 million or +25.9 % was achieved. Excluding the acquisitions and newly established companies, increase in sales was, currency neutral, +CHF 118.4 million or +10.9 %. The EBITDA of CHF 190.0 million (13.5 %) exceeded the previous year by CHF 39.1 million or +25.9 % (previous year CHF 150.9 million or 13.9 %). The consolidated cash flow reached CHF 167.7 million or 12.0 % (previous year 11.5 %). This positive result represents, in contrast to the previous year, an increase of +CHF 43.2 million or +34.6 %. Investments totalled CHF 121.2 million (previous year CHF 96.9 million). CHF 14.2 million was invested in land and buildings

and CHF 45.0 million in equipment. The investment in acquisitions/participation amounted to CHF 62.0 million (previous year CHF 37.5 million). The investments were totally financed from Group's self-generated cash flow.

## **FRANKE IS FURTHER ON A STRATEGICAL GROWTH-COURSE**

### **Strategical company expansion**

In accordance with the company strategy, important **acquisitions** have been made in 1999:

- In February 1999 the Franke Holding AG increased its majority interest in Franke-Victory Kitchen Equipment Co. Ltd., Heshan City/China to 100 %.
- On April 4, 1999 Franke Inc. / USA acquired 100 % of the Canadian Met-Tec Installations Ltd., Vancouver. Met-Tec is the sole McDonald's kitchen manufacturer in Canada and employs about 40 people.
- As of April 9, 1999 the Franke USA Holding, Inc. acquired 100 % of Stainless Holding Inc., Deerfield Beach, FL/USA with a further plant in Pompano Beach, FL/USA and the subsidiary Charter House Inc. in Holland, MI/USA.
- As of April 27, 1999 the Franke Commercial Systems Inc./USA took over 100 % of O'Brien Budd Inc. in St. Charles, IL/USA. O'Brien Budd is a leading company in the printing and media field for McDonald's and other customers. In total 60 people are employed there.
- On May 21, 1999 the Franke Schweiz AG acquired the Swiss company Lanz Industrietechnik AG, Wolfwil, which is a leading company in the field of complex

stamping and welding parts for the car industry and has a total of 80 employees.

- On November 22, 1999 the newly founded Franke Manufacturing & Distribution S.A. (Pty) Ltd., Durban/South Africa took over 100 % of the assets of City Metal Products Ltd. This company is a leading manufacturer and distributor of sinks and products in the sanitary field in South Africa.
- Founded in December 1998 the Franke Australia Pty. Ltd., Melbourne/Australia took over, as of December 31 1999, the activities of the leading Franke sink importer Aqualine Kitchen Systems Pty. Ltd in Australia.

At the moment three further acquisitions are being worked on. The below-mentioned companies are either shortly before the signing of contract or have been just recently concluded:

- Recently Franke Roestvrijstaal Nederland B.V. acquired the company Vincent Swinkels B.V. with place of business in Helmond. This company produces Beer Equipment and thereby ideally supplements the range of products of Franke Roestvrijstaal Nederland.
- The acquisition of the German steeldesign GmbH, Troisdorf-Spich (Cologne) has just been completed by Franke. The steeldesign GmbH is active in the development, production and selling of precision and airtight switch boxes for the electrical and electronical industries.
- Likewise, shortly before the signing of contracts is the acquisition of the company of Niggemann Food Service Technik GmbH & Co. KG, Bochum/Germany. Niggemann is, on the one hand, active in the whole-sale business in equipment for large-scale catering establish-

ments and, on the other hand, in project business (conception, constructing and installing complete kitchen furnishings for quick-service restaurants).

Further important measures were able to be realized in 1999 in **building-up and expanding markets** as well as optimising production and logistics (below named in chronological order):

- On March 16, 1999 the Franke Kitchen Systems and Trade Ltd., Istanbul/Turkey was founded.
- Franke India Pvt. Ltd., Mumbai/India, was able, to a large degree, to finish the new factory in Aurangabad at the end of the year.
- As of the June 7, 1999 the Franke Ural Ltd., Jekaterinburg/Russia, a subsidiary of Franke Deutschland Holding GmbH, was established.
- Since October 1999 kitchen-technological products have been being exported to Bulgaria, and they have been distributed there. The establishment of the company being responsible for this purpose, Franke Bulgaria Ltd., Sofia, was completed in February 2000.
- In December 1999 Franke Kazakhstan Ltd., Almaty City/Kazakhstan commenced selling sinks. In the meantime the legal incorporation of the company has been executed.
- In December 1999 the Franke Holding AG established the 100 % subsidiary Franke International Finance BV, Helmond/Holland.

### **Increase in capital and changes in the Board of Directors**

At the General Meeting on June 4, 1999 the share capital of the Franke Holding AG was increased from CHF 75.0 million to CHF 100.0 million. The existing shareholder structure was kept.

The Board of Directors' members U. Naef, dipl. Ing. ETH, President, and Dr H. Hemmeler, Vice President, retired as a result of their advancing age at the General Meeting. The General Meeting voted F. Maurhofer, dipl. Ing. ETH, as new President and Dr. A. J. Wiederkehr as Vice President of the Board of Directors.

### **Changes in the Group Management**

Christian Sperka was appointed by the Board of Directors of the Franke Holding AG as a member of Group Management effective from January 1, 2000. In this position he is responsible for the newly-created Group's division of Information Services.

On April 1, 2000 Frank Haberstroh has started his activities as a member of Group Management of the Franke Holding AG. He is responsible for the Beverage Containers division. At the same time F. Haberstroh took over the management of the subsidiary Blefa GmbH & Co. KG, in Germany, which mainly produces containers for famous breweries.

### **Outlook for 2000**

The Franke Group planning expects a further improvement in profits by way of slightly increasing sales (in consideration of the new acquisitions) and reducing investments. The positive outlook for the business year 2000 has already been

confirmed by the first quarter's results – the profit and sales have exceeded the previous year by over 15 %.