

Franke Group Half Year Results

Franke Sales Up 18.1%

Sales in the first six months of this year bear out the continued positive growth trend at Franke Group. The international Franke Group, whose operating divisions include Kitchen Systems, Contract Group, Beverage Containers and Diversified Products, achieved sales of CHF 796.0 million in the first half year. This represents an increase of 18.1% over the same period a year before. The stable sales trend is due to both organic growth (27%) and acquisitions (73%). Franke Group's earnings showed pleasing growth compared with the first half of 1999.

All four divisions achieved further strategic milestones in the first half of 2000. Sales the Kitchen Systems division (kitchen sinks, kitchen taps, cooking hobs, built-in ovens and canopies, etc.) significantly increased over the previous year. The Contract Group division (products and services for quick-service restaurants) likewise exceeded the previous year's sales. Sales growth was particularly pleasing at the Contract Group locations in North America, Europe and Asia. Franke's third, Beverage Containers division (kegs for beer and soft drinks and bulk containers for the chemicals and pharmaceuticals industry) returned to satisfactory growth, with sales up on the previous year. Franke's Diversified Products activities (industrial engineering, automotive, apparatuses and coffee machines) achieved good results in terms of sales. The favourable operating environment has brought this sector a significant rise in orders.

The acquired growth relates to three new companies. Accordingly, the following have now been included in the Franke Group consolidated accounts:

- Since 1 May 2000, Vincent Swinkels B.V. (Netherlands). A beer equipment producer, Vincent Swinkels ideally complements the product range of Franke Roestvrijstaal Nederland B.V., Helmond.
- Since 1 May 2000, Steeldesign GmbH (Troisdorf-Spich, near Cologne, Germany). Steeldesign GmbH develops, produces and markets precise, airtight and rust-free switch cabinets for the electrical and electronics industry.
- Since 1 Juni 2000, Niggemann Food Service Technik GmbH & Co. KG (Bochum, Germany). Niggerman trades in industrial kitchen equipment and undertakes project business (design, construction and assembly of the entire kitchen equipment for fast-service restaurants).

Including the three new acquisitions, the number of Franke companies has risen by 5 to a total of 62. The other two are Franke start-ups established to market kitchen sinks in Kazakhstan and Bulgaria. Both began their marketing activities for successful market entry in 1999 but were not formally incorporated until this year. Significant progress was made in developing their markets during this period.

The group invested a total of 42.2 million during the first six months of 2000. Of this total, CHF 26.4 million was capital investment and CHF 15.8 spending on acquisitions and equity interests.

Franke Group had 5,481 employees on 30 June 2000. The workforce had thus grown by 718 over the last year (30 June 1999). Of the new employees, 170 were due to the

acquisitions made this year, 216 to acquisitions in 1999, and 332 to additions to the workforce of existing Franke companies.

Orders on hand increased in comparison with the same period a year earlier.

Outlook

Unforeseen circumstances excepted, Franke Group forecasts steady sales growth exceeding 10% for the remainder of the year. Given the generally favourable economic environment, the group will be able to continue exploiting its strong market position. The planned business growth in all group divisions has a sound financial base: budgeted future capital spending, acquisitions and equity stakes can be met from the Group's internal cash flow and from its own liquid funds.

First Half Figures (CHF million)			
	I/1999	I/2000	Change (%)
Sales	663.7	796.0	+18.1
Investment	65.7	42.2	-35.8
Employees	4,763	5,481	+15.1

Information: G. Hepp (+49 62 7873291)