

MEDIA RELEASE**Franke Half Year Results 2002: higher sales and improved earnings**

Aarburg, Switzerland, 27 August 2002 – Despite a difficult market environment, the Franke Group was ahead of target with net sales of CHF 834.3 million at constant exchange rates in the first half of 2002 (1st half 2001 sales: CHF 789.5 million). This is equivalent to growth of 5.7% (or around 4% after adjustment for acquisitions). The strong Swiss franc levelled out this growth in operational performance to net sales of CHF 788.1 million. Operating earnings (EBITDA) rose by an impressive 14.1%, or just under 20% at comparable exchange rates, against the same period in the previous year. This increase is explained by the optimization and rationalization measures taken throughout the group last year. With the exception of developments in South America, Germany, Japan and some Asian countries, Franke is confident in the future successful progress of the group.

Despite current uncertainties over global economic trends (currencies, world stock markets, primary commodity markets), the first half of 2002 brought good results for the Franke Group. In the second quarter, sales and earnings were significantly higher than in the first quarter. The operating result in the second quarter was also well up on the comparable figure for 2001. First half sales of CHF 788.1 million are equivalent to last year's level in strict accounting terms, but in fact 5.7% up on the same period last year, assuming comparable exchange rates. Two newly acquired

subsidiary companies were included in the scope of consolidation; they contributed around 25% to sales growth in local currency terms. Subsidiary companies in the USA, UK, in the Southern Europe, Switzerland and China made a particularly important contribution to this earnings growth.

Development of the divisions

The Kitchen Systems division (sinks, taps and fittings, cooking hobs, extractor hoods etc.) achieved good sales growth in the first half. The Contract Group Division (production of equipment for quick service restaurants) also did better than last year. The Diversified Products activity (industrial engineering, metal construction and tool manufacturing, coffee machines etc.) reported a satisfactory sales trend compared to the previous year, while the coffee machines profit center continued to show positive sales and earnings growth.

Order book

The group order book was around 17% up on the same period last year as of 30.06.2002.

Newly incorporated companies, acquisitions and expansion projects

In Tunisia (Tunis), a Franke logistics and distribution company was established in the kitchen systems business area in the first half of the year. Major expansion projects were put in hand or completed in the first half of the year in Gdansk, Poland (works extension, Contract Group Division), Bad Säckingen, Germany (logistics centre, Contract Group Division), and Hard, Austria (logistics centre, Kitchen Systems Division). Further extensions of Franke's business activities in France and Russia are due for completion shortly. A declaration of intent was signed with the German Palux

AG in the first half for the acquisition of the Palux “Bremer“ coffee machine business by Franke and a joint venture between Franke Verpflegungstechnik AG and Palux AG. The relevant due diligence is still in progress. Another letter of intent covers the possible merger of Franke and adval tech activities in the area of steering systems for the automotive industry. Initial results are expected by the end of the year.

Investments

The Group invested a total of CHF 50.3 million in the first half.

Employment trend

As of 30 June 2002, the Franke Group employed 5,471 persons, i.e. 225 more than last year (30.6.2001).

Outlook for 2002

Franke currently expects the sales and earnings target for 2002 to be achieved. However, present high exchange rate volatility is a significant risk factor.

Half-yearly performance (CHF million)			
	I/2001	I/2002	? in %
Sales (at constant exchange rates)	789.5	834.3	+5.7
Sales	789.5	788.1	-0.2
Investments	51.8	50.3	-2.9
Employees	5,246	5,471	+4.3

Franke is a global provider of products, services and custom solutions for a wide range of applications in the household food preparation and catering sectors. The Franke Group, headquartered in Aarburg, Switzerland, is firmly established with 68 subsidiaries in 34 countries and has approximately 5,400 employees. The divisions Kitchen Systems (sinks,

taps, cooking hobs, extractor hoods, etc. and washroom and sanitary equipment) and Contract Group (production of equipment for quick service restaurants) are both global market leaders in their respective segments, with exports to over 100 countries. Further activities of the Franke Group consist of a wide product assortment ranging from Coffee Machines (production of fully automated coffee machines) to Technology (Industrial Engineering, Metal Construction and Tool Manufacturing) and beverage containers. Franke Group consolidated sales reached CHF 1,546.7 million in 2001 and CHF 788.1 million in the first half of 2002.

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