

**MEDIA RELEASE****Franke Half Year Results 2004:****Very good performance in the first half year of 2004**

**Aarburg, Switzerland, 1. September 2004 – The Franke Group achieved net sales of CHF 816.3 million in the first half year of 2004. This corresponds to an increase of +CHF 93.6 million or 13% compared with the previous year. Operative results (EBITDA) have improved by more than 30% compared with the same period of the previous year. The Group is expecting business to continue its positive performance in the second half of 2004.**

The first semester of 2004 went perfectly well for the Franke Group. While net sales improved in accordance with set targets, earnings too significantly exceeded that of the previous year.

**Development of the divisions**

**Franke Kitchen Systems** (sinks, fittings, hobs, ovens, extractor hoods etc.) continued to perform well in the first half year and increased sales (+17.8%) and earnings compared with the same period of the previous year.

**Franke Foodservice Systems** (kitchen equipment for fast food restaurants) exceeded the previous year's sales by 1.5% and earnings were also up over the previous year. While newly opened businesses continued to fall as expected, the increase in replacement parts and rollout business was more than 30%. Even **Franke Coffee**

**Systems** increased sales by +21.8% in the first half year of 2004 compared with the same period of the previous year. Other activities of the Group performed satisfactorily and so, for example, the Beverage Container business showed an increase in sales of +13.1%. As far as income was concerned all Franke activities were up on the previous year.

### **Group performance**

In the first semester, or rather the first 8 months of 2004, the Group was involved in further strategically important activities: The Franke company, Lanz Industrietechnik AG, was sold to AdvalTech Holding AG on 24.6.2004 and in return Franke now has a 20.3% shareholding in AdvalTech. On 11.08.2004 Franke took over 49% of Finfaber S.p.A, the holding company of the Italian Faber Group. Faber is one of the world market leaders in kitchen extractor hoods. In 2003 Faber had consolidated sales of approximately CHF 300 million and employs some 1,200 people in 14 companies all over the world. On 25. August 2004 Franke took over the American distribution partner in the coffee machine business, Espresso Specialists Inc. (ESI), and thus reinforced its presence in the US coffee machine market. ESI partners with more than 100 coffee roasters and almost 300 service organizations in the United States.

### **Order Book**

The Group's order book as at 30.06.2003 was significantly up on the corresponding period of the previous year.

### **Investment projects**

Amongst other things the Group invested in new factories in Switzerland, Turkey, Brazil and Italy. Further rather large

business investments were made in Germany, Russia, Canada and Holland. A new coffee machine factory is currently being built at the head office in Aarburg. In addition, during the first half year with Franke Caucasus Ltd. a new distribution company was founded in the Georgian capital of Tbilisi.

### Outlook for 2004

The sales and earnings targets for 2004 are being achieved whereas reaching the earnings targets depends on improved cost management. The main problem still is the enormous price increase in stainless steel supplies.

<b>Half year performance (CHF 000,000)</b>			
	<b>I/2003</b>	<b>I/2004</b>	<b>Δ in %</b>
Sales	722.7	809.0	+11.9
(at constant exchange rates)			
Sales	722.7	816.3	+13.0
Investments	41.9	46.7	+ 11.5%
Employees	5,567	5,629	+62

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*The **Franke** Group is a global provider of products, services and custom solutions for a wide range of applications in the household food preparation and catering sectors. Franke, whose holding company is domiciled in Aarburg, Switzerland, has some 5,600 employees around the world, and is firmly established with 72 subsidiaries in 36 countries. The two divisions **Franke Kitchen Systems** (sinks, taps, cooking hobs, ovens, hoods etc. and washroom and sanitary systems) and **Franke Foodservice Systems** (products and services for quick service restaurants) are the global market leaders in their business sectors, exporting to over 100 countries. The activities of Franke also include **Franke Coffee Systems** with a broad product programme of fully-automatic, professional and semi-professional coffee machines as well as the technology field and Beverage Containers. In fiscal year 2003 Franke generated consolidated sales of CHF 1,470.3 million.*



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