

PRESS RELEASE**Franke Group 2004: business progresses well with strong earnings growth**

Aarburg, Switzerland, 31 May 2005 – The Franke Group increased its net sales by 10.7% to CHF 1,628.0 million. The operating result (EBITDA) rose strongly by 34.4% to CHF 250.6 million. Consolidated cash flow was stepped up by 16.7% to CHF 184.6 million.

Two-figure sales and earnings growth

In the year 2004 consolidated sales reached CHF 1,628.0 million. Compared to the previous year's figure of CHF 1,470.3 million, this represented growth of CHF 157.7 million or 10.7%. At unchanged exchange rates (local currency) sales were 12.2% higher at CHF 1,649.3 million. The difference against the previous year is attributable to two-figure sales growth in all strategic activities or core business areas. Other business activities also reported growth without divestments.

The operating result (EBITDA) of CHF 250.6 million was sharply higher than in the previous year with a rise of 34.4%. The consolidated cash flow (net profit plus depreciation) of CHF 184.6 million was also significantly higher by 16.7% than in the previous year. Income growth is largely attributable to cost structure adjustments to changed background conditions at Franke Foodservice Systems as well as improved profitability at Franke Kitchen Systems and Franke Coffee Systems.

Strategic development of the divisions

The Franke Group achieved organic growth of more than 10% in all four core business areas. **Franke Kitchen Systems** reported sales growth of 11.3%. The 49% participation in the Italian Finfaber S.p.A (Faber Group Holding company), which was increased yesterday to 100%, played an important strategic role. Faber is one of the three world market leaders in kitchen extractor hoods. In the waste management segment, the acquisition of the German Noss Küchentechnik GmbH company put in hand in 2004 was successfully completed in March 2005. Noss manufactures waste systems for all domestic kitchen market segments. In South Africa, a further acquisition was begun in 2004 and completed in the first quarter of 2005: Supa Heat Geysers (Pty.) Ltd., which makes geysers for household kitchens. The acquisition of a second geyser manufacturer in South Africa has now reached an advanced stage of negotiation. In 2004, the two companies together achieved sales of around CHF 25 million and employed a total of 150 persons. A new Franke subsidiary company was established in Tbilisi, Georgia. Following a sharp downturn in the years 2002 and 2003, **Franke Foodservice Systems** reported sales growth of 14.6%. Appropriate adjustments to the cost structures enabled the division to be brought back into profit. Acquisition of the English Bradford Metal Spinning Ltd company, UK, was initiated in 2004 and completed in March 2005. Bradford is a source of resupply for quick service restaurants in the UK. Further strategic investments were made in the Preventive Maintenance and Equipment service area in North America. **Franke Coffee Systems** reported sales growth of 15.4%. Its American distribution partner Espresso Specialists Inc. was taken over in 2004. A new subsidiary company was incorporated in Japan in December 2004. The

Other Activities division was further re-dimensioned by the sale of Lanz Industrietechnik AG to AdvalTech Holding AG.

Investments

Total investments stood at CHF 171.1 million (CHF 113.9 million in the previous year), accounting for 92.7% of the cash flow generated.

Changes in management

The year 2004 saw personnel changes at top management level. After a major rejuvenation of the management at several business units, important changes are scheduled for 2005 in the Group management too: with effect from 1 July, management responsibility for Franke Kitchen Systems will be transferred from Dr Bernhard Stauch to Wolfgang Kemmerling, Head of the Franke Kitchen Systems Business Unit Europe North. In the course of the year, Dr Wolfgang Cach will also be handing over his duties as CFO to a successor who has yet to be appointed. Dr Stauch and Dr Cach will join the management of Michael Pieper's strategic family holding with seats on the Board of Directors of Franke Holding AG.

First quarter 2005 and outlook for 2005

The international business environment improved in 2004 by comparison with 2003 and a slow recovery of the international economy is expected to continue in 2005. In the first quarter of 2005, Franke barely increased its previous year's sales figures. Germany, the Netherlands, Poland and the Asian countries in particular fell well short of the previous year's performance in some areas. Thanks to an innovative product assortment, high technical expertise, a global presence and a strong and rejuvenated management, Franke is

confident in its ability to enhance its market position and further increase sales and earnings in the year 2005.

*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 5,700 employees around the world, and is firmly established with 73 subsidiaries in 37 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 the financial year 2004, Franke generated consolidated sales of CHF 1,628.0 million.*

*Natascha Widmer
Franke Corporate Communications
Tel. +41 62 787 38 69 / +41 79 771 90 73
Fax. +41 62 787 30 37
natascha.widmer@franke.com
www.franke.com*