

**MEDIA RELEASE****Franke Half Year Results 2005:****Good development after a difficult first quarter 2005**

**Aarburg, Switzerland, 25 August 2005 – The Franke Group achieved net sales of CHF 845.4 million in the first half year of 2005. This corresponds to an increase of +CHF 29.1 million or 3.6% compared with the previous year. At constant exchange rates (local currency) sales have increased by 5.1%. The operational result (EBITDA) stayed stable compared with the previous year. Franke expects business to prove rather better in the second half of 2005.**

The first quarter of 2005 was difficult for the Franke Group. Advanced orders from customers at the end of the year 2004 because of the increasing raw material prices during the course of 2004 as well as bad weather conditions influenced the development of the first quarter significantly. Problems as a result of economic conditions occurred in Germany and parts of Asia. In the second quarter business developed much better and the sales and earnings were above the previous year.

**Development of the Divisions**

**Franke Kitchen Systems** (sinks, fittings, hobs, ovens, extractor hoods, and washroom and sanitary systems) continued to perform well in the first half year and increased sales (+4.5%) 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 11.3% and earnings were also up over the previous year. **Franke Coffee Systems** was able to keep sales on the same level compared with the same period of the previous year. **Other activities** of the Group performed differently and were partly below the previous year as a result of planned and realized disinvestments.

### **Group performance**

In the first half of 2005, the Group was involved in further strategically important activities: On 30.05.2005 Franke increased its participation in Finfaber S.p.A., the holding company of the Faber Group, to 100%. The Faber Group is one of the three world leaders in extractor hoods or cookers. In 2004, Faber generated consolidated sales worth more than CHF 300 million and has some 1,500 employees in 14 companies around the world (11 production plants and a further 5 distribution companies). The Faber Group will be integrated into the Franke Group and consolidated as of June 30.06.2005.

On 31.03.2005 the South African company SupaHeat Geyser Pty. Ltd was acquired. A second acquisition of a South African geyser manufacturer followed (The Geyser Company (Pty) Ltd.) in August 2005. In 2004, the two companies together reported sales worth more than CHF 25 million. They employ a total of 150 persons and are now combined under the name Franke Water Heating Systems. The two companies have a combined market share of 37% in their market segment in South Africa.

### Order Book

The Group's order book as at 30.06.2005 stayed on the same level as the corresponding period of the previous year.

### Investment projects

As well as acquisitions and intangible assets the Group invested CHF 30.0 million in tangible assets (completion of new factory in Brazil, new press line in Germany etc.). Total investments amounted to CHF 102.8 million.

### Outlook for 2005

The sales and earnings development for 2005 is at this moment expected to exceed the previous year. Nevertheless, the development of raw material prices is not exactly predictable.

<b>Half year performance (CHF 000,000)</b>			
	<b>I/2004</b>	<b>I/2005</b>	<b>Δ in %</b>
Sales	816.3	858.0	+5.1
(at constant exchange rates)			
Sales	816.3	845.4	+3.6
Investments	46.7	102.8	+120.1
Employees	5,629	7,535	+33.9

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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 7,500 employees around the world, and is firmly established with 85 subsidiaries in 39 countries. The two divisions **Franke Kitchen Systems** (sinks, taps, cooking hobs, ovens, hoods 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.*

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