

PRESS RELEASE**Franke Half-Year Results 2008:
Solid sales growth overall and stable
earnings situation**

Aarburg, Switzerland, 28 August 2008 – the Franke Group performed solidly during the first six months of 2008, achieving net sales of CHF 1,482.50 million. This represents an increase in sales of CHF +99.9 million (+ 7.2%) over the same period last year. Currency effects were negative and accounted for a sales reduction of CHF -89.3 million (-6.5%). Sales in local currencies increased by +13.7% over the same period last year.

Total sales

Consolidated sales reached CHF 1,482.5 million in the first six months of 2008. The currency-neutral organic sales growth of the Group was CHF +40.2 million (+2.9%). Sales growth as a result of acquisitions was CHF +150.9 million (+10.9%). The effect of currency movements on sales was CHF -89.3 million (-6.5%) and the reduction in turnover as a result of disinvestments was CHF -1.7 million (-0.1%).

The significant negative currency effects were due mainly to a weaker EUR and an even weaker USD.

Divisions

The group's sales growth breaks down by division/activity as follows:

Half-yearly performance by division (million CHF)	2008	2007	Δ in %
Franke Kitchen Systems ¹⁾	949.6	860.9	+10.3
Franke Foodservice Systems ²⁾	250.4	265.2	-5.6
Franke Washroom Systems ³⁾	85.1	86.2	-1.3
Franke Coffee Systems ⁴⁾	89.8	69.8	+28.7
Franke Beverage Systems ⁵⁾	108.4	90.4	+19.9
Other Activities ⁶⁾	19.9	22.8	-12.7
Corporate	-20.7	-12.7	+63.0
Total	1,482.5	1,382.6	+7.2

¹⁾ Sinks, extractor hoods, fittings, inset hobs, ovens etc.); ²⁾ Kitchen systems and services for quick-service restaurants; ³⁾ Washroom and sanitary systems for the public and semi-public sector; ⁴⁾ Fully automatic, professional and semi-professional coffee machines; ⁵⁾ Drinks technology; ⁶⁾ Industrial technology and tool-making.

Franke Kitchen Systems had a difficult start to 2008. While the Eastern European and Asian regions experienced good growth, economic difficulties in key markets continued to worsen. The sub-prime crisis affected demand in the USA worst of all but also had consequences for European countries such as Spain, Germany, Italy and the UK. Given the current situation, the division is focusing strongly on reducing costs. Franke Kitchen Systems achieved sales growth of +10.3% over the same period last year. This was mainly acquisitions-led.

In terms of sales in local currencies, **Franke Foodservice Systems** improved significantly over the same period last year. However, the extremely weak USD resulted in a small reduction in turnover of –5.6% (around 70% of Franke Foodservice Systems sales are generated in the USA). The prospects for Franke Foodservice Systems continue to look good. **Franke Washroom Systems** performed slightly be-

low last year's level in terms of sales (-1.3%). Here too there was a slight increase in turnover in local currencies relative to last year and major projects look promising. **Franke Coffee Systems** increased its turnover by a sizeable margin during the first six months of 2008 (+28.7% over the previous year). Rising demand in both Asia and traditional markets and the acquisition of new key accounts indicate that the rapid expansion of this operational area is set to continue. **Franke Beverage Systems** improved on last year's sales by +19.9%. The group's **Other Activities**, comprising Franke Industrie AG and Franke Werkzeugbau AG, performed positively.

Earnings

In absolute figures, earnings equalled last year's levels. Key factors were the continuing volatility of raw materials prices, the massive increase in energy costs with its concomitant rise in logistics costs and the negative influence of foreign currency movements.

Balance sheet

The consolidated balance sheet total rose by +4.8% during the first six months of the year. Stockholder's equity was 43.4% of total assets for the group.

Staff

Since 31.12.2007, the group's staff numbers have fallen by 268 employees (-2.0%) to 12,622. This reduction resulted from the sale of two companies and restructuring measures.

Investments

A total of CHF 90.5 million was invested during the first half of 2008 of which CHF 72.9 million was invested in plant.

Acquisitions and disposals

During the first quarter of 2008, Franke acquired S2K Graphics, a well-established supplier of merchandising material to McDonald's. S2K, based in Los Angeles, CA, USA, was integrated into Franke Resupply Inc., Franke Foodservice Systems. Also during the first quarter, Franke sold the deep-fat fryer manufacturer frifri aro SA of La Neuveville, Switzerland, to the Swiss subsidiary of the American Middleby Corporation. The German company Steeldesign GmbH, based in Troisdorf, Germany, was also sold during the period.

Expectations for 2008

2008 is dominated by the integration of the companies acquired last year. The economic situation is likely to deteriorate further and could result in difficult situations in certain countries, particularly in domestic households (Franke Kitchen Systems). Sales and earnings of Franke Foodservice Systems, Franke Washroom Systems, Franke Coffee Systems and Franke Beverage Systems are expected to continue to grow this year.

Franke anticipates that sales will be higher than last year and that the earnings and balance sheet situations will continue to improve.

Half-yearly performance (group) (million CHF)	2008	2007	Δ in %
Sales:	1,482.5	1,382.6	+7.2
Investments	90.5	85.7	
Staff	12,622	9,277	+36.1

Franke is a world leader in comprehensive systems that make a rewarding experience of kitchen work and professional food service, coffee preparation, beverage delivery and hygiene solutions.

Franke has a global presence and a local commitment to its customers, with some 13,000 employees worldwide operating through more than 70 subsidiaries in 40 countries. The Franke Group, whose head offices are in Aarburg, Switzerland, generated consolidated sales of more than 3 billion Swiss Francs in 2007.

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