

PRESS RELEASE**Franke Half-Year Results 2009:
Further investments despite drop in net
sales and earnings**

Aarburg, Switzerland, 27th August 2009 – The Franke Group generated net sales of CHF 1,197.1 million in the first half year of 2009. This corresponds to a drop in net sales of CHF -279.0 million or 18.9% down on the previous year. Currency effects were negative and represented a drop of CHF -55.3 million (-3.7%) while organic sales declined by CHF -222.1 million or -15.1%. However, net sales and profits improved in the second quarter compared with the first quarter. Because of the good liquidity situation Franke continues to invest.

Total sales

In an economically difficult environment consolidated sales reached CHF 1,197.1 million in the first half year 2009. The difference of CHF -279.0 million compared with the previous year was the result of an organic decrease of -15.1% (CHF -222.1 million), the negative effect of exchange rates of -3.7% (CHF -55.3 million), a drop in net sales from disinvestments of -0.3% (CHF -5.1 million) and an increase in net sales from acquisitions of +0.2% (CHF +3.4 million).

Net sales and earnings improved from the first to the second quarter.

Divisions

The Group's sales development by division/ activity is as follows:

Half yearly performance by division (million CHF)	I/2009	I/2008	in %
Franke Kitchen Systems ¹⁾	720.5	949.6	-24.1
Franke Foodservice Systems ²⁾	282.8	250.4	+12.9
Franke Washroom Systems ³⁾	71.7	85.1	-15.7
Franke Coffee Systems ⁴⁾	94.4	89.8	+5.1
Franke Beverage Systems ⁵⁾	50.4	108.4	-53.5
Other Activities ⁶⁾	15.2	14.8	+2.7
Corporate	-37.7	-21.9	-72.2
Total	1,197.1	1,476.2	-18.9

¹⁾ Sinks, extraction hoods, taps, 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⁾ Beverage systems; ⁶⁾ Industrial engineering and tool manufacture

Net sales of **Franke Kitchen Systems** were significantly lower than in the previous year. The economic difficulties in key markets (USA, UK, Spain, Russia, Germany etc.) continued to intensify compared with the previous year. However, a slight improvement could be detected from the first to the second quarter.

Franke Foodservice Systems considerably increased the previous year's net sales. The prospects for Franke Foodservice Systems continue to be stable. Net sales of **Franke Washroom Systems** were lower than in the previous year. The prospects are also good due to planned investments in public infrastructure. **Franke Coffee Systems** saw a slight increase in net sales in the first half of 2009 compared with the same period of the previous year.

Expectations are that the second half of the year will be weaker. Net sales of **Franke Beverage Systems** deteriorated due to a major decrease in customer demand. The Group's **Other Activities**, comprising Franke Industrie AG and Franke Werkzeugbau AG, showed a very positive trend.

Earnings

Earnings decreased compared with the previous year whereas one time restructuring costs are included. The negative effect of exchange rates on earnings was significant. Also, the price of materials, the volume effect and development costs squeezed margins.

Balance sheet

The consolidated balance sheet total in the first half year remained stable and was at the same level as at December 31, 2008. The Group's equity ratio was 46.6%.

Financing

The long-term financing was expanded and liquidity was increased. Franke is solidly financed.

Staff

Since December 31, 2008 the Group's headcount has been reduced by 647 to 11,291 employees and therefore structurally adapted to the changed business volume.

Investments

CHF 55.8 million were invested in the first half year of 2009. Thereof CHF 48.4 million were spent for plants and equipment. In particular, Franke invested in the new headquarters of Franke Foodservice Systems in Smyrna,

TN, USA. The new office building, logistic and tech center were opened in July. Furthermore, Franke has started with the construction of a new production facility for hoods in India. Franke also invested in R&D and several new product developments are being launched later this year. Furthermore, the implementation of SAP has started successfully; the roll out to further large companies will follow.

Expectations for 2009

The global economic crisis is continuing although the situation in the financial and banking sector has eased. Certain optimism can also be detected on the stock markets and the raw materials markets but this has not yet been felt in the "real economy".

Measures taken, such as cost reduction programs, hiring freeze, implemented short-time working in many companies, and other restructuring measures will continue. Thus the earnings situation should improve in the second half of the year.

Group half year performance (million CHF)	I/2009	I/2008	in %
Net sales	1,197.1	1,476.2	-18.9
Investments	55.8	90.5	-26.5
Headcount	11,291	12,622	-10.5

***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, whose holding company is located in Aarburg, Switzerland, has around 11,000 employees*

*throughout the world and is firmly established with over 70 subsidiaries in more than 40 countries. **Franke Kitchen Systems** (sinks, hoods, taps, cooking hobs and ovens) and **Franke Foodservice Systems** (systems and services for quick service restaurants) are the global market leaders in their business sectors, exporting to over 100 countries. Other activities include **Franke Washroom Systems** (washroom and sanitary systems in public and semi-public areas), **Franke Coffee Systems** with a broad product program of super automatic professional and semi-professional coffee machines, **Franke Beverage Systems** (beverage containers) and Industrial Engineering. In the financial year 2008, Franke generated consolidated sales of CHF 2,936.4 million.*

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