

PRESS RELEASE

Franke reports sales just short of the previous year's figure

Aarburg, Switzerland, 30 March 2009 – The Franke Group reported net sales worth CHF 2,936.4 million in 2008. Currency exchange effects accounted for -8.0% points. In local currency terms, sales reached CHF 3,176.4 million, equivalent to an increase of +5.1% (previous year CHF 3,021.0 million). The equity ratio improved despite a decline in earnings.

Total Sales

In 2008, consolidated sales reached CHF 2,936.4 million, just short of the previous year's figure of CHF 3,021.0 million (-2.8%). In local currency terms, sales stood at CHF 3,176.4 million, an increase of +5.1% on the previous year.

Organic growth of group sales on a currency-neutral basis was -0.2%. Acquisitions and divestments contributed +5.4% to sales growth. Currency influences on sales growth amounted to -8.0%.

Business Areas

Group sales were distributed as follows between the different divisions/activities:

Division/activity in CHF mio	2008	2007	Δ in %	Δ as % in local currency
Franke Kitchen Systems ¹⁾	1,809.0	1,918.9	-5.7	+2.6
Franke Foodservice Systems ²⁾	610.1	566.4	+7.7	+16.2
Franke Washroom Systems ³⁾	166.5	178.7	-6.8	+1.3
Franke Coffee Systems ⁴⁾	200.3	154.7	+29.5	+36.5
Franke Beverage Systems ⁵⁾	185.2	184.8	+0.2	+6.2
Other Activities ⁶⁾	35.7	45.6	-21.7	-21.5
Corporate	-70.4	-28.1	+150.5	+170.6
Group consolidated	2,936.4	3,021.0	-2.8	+5.1

¹⁾sinks, extractor hoods, fittings, hobs, ovens etc. ²⁾systems and services for quick service restaurants ³⁾washroom and sanitary systems for public and semi public use, ⁴⁾superautomatic professional and semi professional coffee machines, ⁵⁾beverage containers, ⁶⁾industrial engineering and tool manufacturing (sales reduction due to divestments/ sales of activities)

Regions

Sales results were as follows by market regions:

Market region	2008	%	2007	%	Δ as %
EU27	1,347.8	45.9	1,523.5	50.4	-11.5
North America	646.0	22.0	635.1	21.0	+1.7
Switzerland	99.9	3.4	101.2	3.4	-1.3
Other countries	842.7	28.7	761.2	25.2	+10.7
Total in CHF million	2,936.4	100.0	3,021.0	100.0	-2.8

Earnings

The earnings situation was influenced by foreign exchange effects, i.e. by the weak euro/dollar and by substantial currency devaluations (e.g. South African rand, Turkish lira or British pound). The result was also adversely affected by impairments on goodwill and intangible assets as well as staff reduction costs.

Balance sheet trend

The consolidated balance sheet was down by 11.7% year on year. The equity ratio rose from 44.0% in the previous year to 46.6%. Capital turnover fell from 1.4x to 1.3x.

Personnel

The Franke Group employed an average of 12,542 persons in the year 2008. The head count on 31 December 2008 stood at 11,938, down -952 persons on the previous year. Adjusted to structural changes the operational head count reduction reached -847.

Investments

In the year under review, total investments amounted to CHF 218.1 million (previous year CHF 409.1 million). Investments are divided into operational investments of CHF 214.0 million and investments in acquisitions amounting to CHF 4.1 million.

Outlook

Despite ambitious economic stimulus programs put in place by some governments, the future development of the world economy is still unclear. Interest rates and raw material costs will remain low, as too will consumer demand and capital investment by companies. Franke is focusing on the adaptation of its organization to the current volume of business and on shaping all product development initiatives, time to market and process simplification in such a way that Franke is able to emerge strengthened from the crisis.

Note

The detailed report on the progress of business in 2008 will be presented at the balance sheet press conference in Zurich on **26 May 2009 beginning at 8.30 am**. Please register with Natascha Widmer, Franke Corporate Communications.

Franke is a world leader in comprehensive systems for domestic kitchens and for professional applications in food service, coffee preparation, beverage delivery and hygiene solutions.

Franke has a global presence and a local commitment to its customers, with some 12,000 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 close to 3 billion Swiss Francs in 2008.

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