

PRESS RELEASE**Franke Group first half results 2006: the growth trend continues**

Aarburg, Switzerland, 22 August 2006 – The Franke Group has completed a successful first six months of 2006, achieving net sales of CHF 1,181.8 million. This represents an increase in sales of CHF 336.4 million (+39.8%) over the same period last year. All core activities showed double-digit growth.

Consolidated sales

Consolidated sales in the first half of the year reached CHF 1,181.8 million. Compared to the CHF 845.4 million achieved last year, this was an increase of CHF 336.4 million (+39.8%). The second quarter showed even greater improvement than the first in both sales and earnings.

In local currencies, sales increased by +36.8% over the previous year. The currency-related growth of CHF 26 million was due mainly to a strong EUR and USD.

Currency-neutral organic sales for the group increased by +10.9%. Sales growth as a result of acquisitions was +25.9%. Currency effects accounted for +3.0% in sales growth.

The divisions

The group's sales growth was split between divisions/activities as follows:

First-half sales by division (CHF million)	I/2006	I/2005	Δ in %
Franke Kitchen Systems ¹⁾	775.8	524.4	+47.9
Franke Foodservice Systems ²⁾	188.7	160.3	+17.7
Franke Coffee Systems ³⁾	60.1	45.2	+33.0
Franke Washroom and Sanitary Systems ⁴⁾	77.5	45.4	+70.7
Beverage Containers	58.6	48.3	+21.3
Other Activities ⁵⁾	21.1	21.8	-3.2
Total	1,181.8	845.4	+39.8

¹⁾ sinks, taps, hoods, cooking hobs, ovens); ²⁾ kitchen systems and services for quick service restaurants; ³⁾ fully automatic professional and semi-professional coffee machines; ⁴⁾ washroom and sanitary systems for public and semi-public use; ⁵⁾ industrial engineering

Franke Kitchen Systems performed well during the first six months of the year. As a result of the full integration of the acquisitions made in 2005, the division showed significant sales (+47.9%) and earnings growth over last year. **Franke Foodservice Systems** exceeded sales for the same period last year by +17.7% through organic growth alone and also performed better than last year in terms of earnings. **Franke Coffee Systems** achieved sales growth over the first half of last year of +33% through purely organic growth. **Franke Washroom and Sanitary Systems** achieved sales growth of +70.7% through a combination of internal growth and acquisitions. **Beverage Containers** also showed an increase by 21.3% over the previous year as a result of internal growth. The performance of the group's **Other Activities** was mixed though positive on the whole.

Earnings

The group's EBITDA and cash flow improved disproportionately to sales growth.

Balance sheet performance

The consolidated balance sheet grew during the first half of the year by 5.3%. The group's equity ratio was 44.7%.

Staff

Total staff was 8,698 and has thus increased by 247 since 31.12.2005 (+2.9%).

Investments

During the first six months of 2006, a total of CHF 43.5 million was invested. Of this figure, CHF 37.7 million was invested in operational assets. A number of major investment projects have been launched (expansion of sink production in Switzerland, logistics centre in Germany, construction of new factories in South Africa and England). These will significantly increase the total investment for 2006.

Outlook for 2006

Franke expects the group's strong performance to continue throughout the remainder of 2006. A possible constraint might be the massive rise in raw material prices (cost of steel), which cannot be passed on to the market in their entirety. Further uncertainty may develop as a result of interest rate rises in North America and the development of the exchange rates.

Group first-half sales (CHF million)	I/2006	I/2005	Δ in %
Sales	1,181.8	845.4	+39.8
Investments	43.5	102.8	-42.3
Staff	8,698	7,535	+15.4

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 around 8,700 employees throughout the world, and is firmly established with 85 subsidiaries in 41 countries. The two Divisions **Franke Kitchen Systems** (sinks, taps, cooking hobs, ovens and hoods) and **Franke Foodservice Systems** (kitchen systems 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, **Franke Washroom and Sanitary Systems** (washrooms and sanitary systems for public and semi-public use) as well as industrial engineering and beverage containers. In the financial year 2005, Franke generated consolidated sales of CHF 1,959.0 million and in the first half of 2006 CHF 1,181.8 million.

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