

PRESS RELEASE**Franke half year results 2007:
Marked Upturn in Sales and Earnings**

Aarburg, Switzerland, 23 August 2007 - The Franke Group has completed a successful first six months of 2007, achieving net sales of CHF 1,382.6 million. This represents an increase of CHF 200.8 million (+ 17.0%) compared with the same period last year. Organic growth accounted for +13.6% (CHF 160.5 million), and EBITDA and cash flow also increased compared with the previous year.

Consolidated sales

Consolidated sales for the first six months of 2007 reached CHF 1,382.6 million. In comparison with the previous year's sales of CHF 1,181.8 million, this is an increase of +CHF 200.8 million (+17.0%). The second quarter showed greater growth in terms of both sales and earnings.

The influence of currencies on the development of net sales increased in the second quarter of 2007 visibly. The currency-related growth of CHF 27.1 million can be attributed in particular to a stronger EURO.

The currency-neutral organic growth in sales of the Group increased by +13.6% (CHF 160.5 million). Sales growth as a result of acquisitions increased by +1.1%. Currency effects on development of sales accounted for +2.3%.

Divisions

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

First-half sales by division (CHF million)	I/2007	I/2006	Δ in %
Franke Kitchen Systems ¹⁾	859.9	787.9	+9.1
Franke Foodservice Systems ²⁾	265.4	190.2	+39.5
Franke Washroom Systems ³⁾	87.0	80.4	+8.2
Franke Coffee Systems ⁴⁾	69.9	60.1	+16.3
Franke Beverage Systems ⁵⁾	90.4	60.4	+49.7
Other Activities ⁶⁾	22.8	20.5	+11.2
Corporate	-12.8	-17.7	-27.7
Total	1,382.6	1,181.8	+17.0

¹⁾ Sinks, extractor hoods, fittings, hobs, ovens, etc.); ²⁾ Kitchen systems and services for quick service restaurants; ³⁾ Washroom and sanitary systems for public and semi-public use; ⁴⁾ Fully automatic, professional and semi-professional coffee machines; ⁵⁾ Beverage containers; ⁶⁾ Incl. industrial engineering

Because of the massive increase in steel prices, **Franke Kitchen Systems** had a difficult start to 2007. These increases in raw material prices could only be partially passed on to customers. **Franke Foodservice Systems** exceeded last year's sales by +39.5%. **Franke Washroom Systems** achieved a growth in sales of +8.3% compared with last year. **Franke Coffee Systems** increased sales in the first half of 2007 by +16.3%. **Franke Beverage Systems** showed an increase of +49.7% over last year. The **other activities** of the Group demonstrated positive expansion.

Earnings

Both the Group's EBITDA and cash flow rose in comparison with the previous year.

Balance sheet performance

The consolidated balance sheet grew by +17.0% in the first six months of the year. As a result of this increase, the equity ratio of the Group dropped slightly to 40.7%.

Number of employees

Since 31.12.2006, the number of staff in the Group has risen by 317 (+3.5%) to 9,277 people.

Investments

In the first half of 2007, CHF 85.7 million was invested. CHF 72.7 of this figure was invested in operational assets. A number of major investment projects have been launched and are now in progress (doubling of coffee machine production in Switzerland, as well as a new manufacturing building at Franke Industrie AG). Further investment projects are currently running in Germany, Italy, Spain, France, Scotland, China and Brazil.

Acquisitions

At the beginning of August, Franke finalized the takeover of the South African company, Defy Appliances Ltd. Defy is the largest and leading manufacturer of kitchen and household appliances in South Africa, with production facilities in Durban, East London and Ladysmith. In addition, Defy has a national sales and marketing organization with nine sales branches in South Africa and a further five throughout the continent of Africa. In 2006, Defy achieved sales of approximately CHF 406 million and currently employs 3,000 people. The acquisition of Defy is another important strategic investment for the Franke Group in southern Africa and will further reinforce its position as the leading supplier of kitchen systems.

Changes to the Board of Directors of Franke Holding AG

At an extraordinary general meeting on 6 July 2007, Franke Holding AG voted **Randolf Hanslin** on to the Board of Directors. For the past 30 years, Randolf Hanslin has worked at Geberit, where, amongst other positions held, he was Chairman of the Board of Directors of what was then Geberit AG. In recent years, he managed Research & Development, Supply Management, Production and Logistics within the Geberit Group. He left corporate management in April 2006 and was voted onto the Geberit Board of Directors.

John F. Strasser left the Board of Franke Holding AG due to his age on 16 May 2007, on which he had served since 1987. He had been with Franke since 1970 – and since 1975 as CEO – and made a significant contribution to the company.

Rudolf Bossard also left the Board of Directors due to his age on 16 May 2007, after over 33 years on the Board of Franke Holding AG. During his incumbency, he experienced three generations of ownership at Franke.

Dr. Wolfgang Cach, Board member of Franke Holding AG and for many years CFO of the Franke Group, died on 21 July 2007. During his 38 year incumbency at Franke, Dr. Wolfgang Cach placed great emphasis on the ambitious development of the Franke Group and played a decisive part in securing the long-term future of the Group.

Outlook for 2007

Franke expects the Group's strong performance to continue for the remainder of 2007, as well as a slight alleviation in the stainless steel price situation. Uncertainties exist as a result of weakening in the demand in the Kitchen Systems sector in North America. Uncertainties in the currencies, stock exchange and raw materials markets could also have a negative influence on further development in 2007. However, Franke should be able to substantially improve on its sales and earnings for last year.

Group first half performance (CHF million)	I/2007	I/2006	Δ in %
Sales	1,382.6	1,181.8	+17.0
Investments	85.7	43.5	97.0
Staff	9,277	8,698	+6.7

***Franke** is a global supplier of products, services and customized solutions in the broadly defined household and catering food preparation sectors. The **Franke Group**, with head offices in Aarburg, Switzerland, is firmly established with 83 subsidiaries in 42 countries and with approximately 12,000 employees worldwide. **Franke Kitchen Systems** (sinks, extractor hoods, tabs, hobs, ovens) and **Franke Foodservice Systems** (systems and services for quick service restaurants) are both global market leaders in their respective segments, with exports to over 100 countries. Further activities of the Franke Group include **Franke Washroom Systems** (washroom and sanitary systems for public and semi-public use), **Franke Coffee Systems** with a wide range of super automatic, professional and semi-professional coffee machines, **Franke Beverage Systems** as well as industrial engineering. In 2006, Franke generated consolidated sales of CHF 2,440.1 million.*

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