

MEDIA RELEASE**Franke Group 2007: a marked upturn in sales and earnings at Franke, exceeding CHF 3 billion for the first time**

Aarburg, Switzerland, May 20, 2008 – The Franke Group increased its net sales by +23.8% to CHF 3,021.0 million in 2007. The operating result (EBITDA) increased by +8.0% on the previous financial year.

Sales and earnings growth

Consolidated sales in 2007 amounted to CHF 3,021.0 million. Compared to the previous year's figure of CHF 2,440.1 million, this represented an increase of +CHF 580.9 million, or +23.8%.

The currency-neutral organic sales growth of the Group increased by +12.0%. Increases in sales figures as a result of acquisitions amounted to +9.6%. Currency effects accounted for the remaining +2.2% points of growth.

The operating result (EBITDA) of CHF 398.5 million (13.2% of net sales) exceeded that of the previous financial year (CHF 368.9 million, being 15.1% of net sales) by an absolute +8.0%. Consolidated cash flow (profit after tax plus amounts written off to depreciation as well as amortization) rose by +0.3% from CHF 318.4 million (13.0% of net sales) to CHF 319.4 million (being 10.6% of net sales).

Net profit fell by -2.0% from CHF 202.9 million (being 8.3% of net sales) to CHF 198.8 million (being 6.6% of the net sales figures).

The profitability of Franke Foodservice Systems, Franke Washroom Systems, Franke Coffee Systems and Franke Beverage Systems increased strongly. However, the fast-rising prices for raw materials (rises of between +40 and +60% according to the type of alloy), which could only be partially passed on to the market, caused profit margins at Franke Kitchen Systems to be reduced. In addition, restructuring costs were incurred and in some countries (USA, Germany and South Africa) market conditions became more difficult. The newly acquired Defy Group in South Africa also remains below the revenue levels of the remainder of Franke Kitchen Systems activities.

As of the close of the financial year 2007, the Franke Group comprised a total of 81 subsidiary companies.

Group development

The financial year 2007 was a successful year overall; the economic environment turned out positive, but in certain markets there were initial signs of the economy weakening. This had a particularly strong effect on the business activities of Franke Kitchen Systems (system solutions for domestic kitchens) in the USA, England, Spain, Germany and South Africa. A major negative influence on Franke's earnings development came from the large rises in the price of stainless steel. These increases could only be partially passed on to the market. Prices stabilized in the fall of 2007 and the situation has now relaxed further.

Franke Kitchen Systems (sinks, hoods, taps, cooking hobs, ovens, etc.) achieved sales growth of +21.9%. During 2007, large investment projects were undertaken in the Netherlands (acquisition), South Africa (construction of a new factory, acquisition, joint venture), Spain (purchase of land for construction of a new logistics centre), Brazil (expansion of the sink factory) and Germany (construction of a new logistics centre). Further investment was made in the USA, Switzerland, Italy, Scotland and Canada.

Franke Foodservice Systems (systems and services for quick service restaurants) achieved largely organic sales growth of +34.8%. At Franke Foodservice Systems, focus was concentrated on the consolidation of market shares and continued extension of the global resupply business.

Franke Washroom Systems (washroom and sanitary systems in public and semi-public premises) recorded a slight drop in sales of -1.0%. Nevertheless, the earnings situation improved considerably compared with the previous year. The business focus was on developing new markets in Europe and further expanding the global export activities.

Franke Coffee Systems (super automatic, professional coffee machines) achieved organic sales growth of +26.5%. Major progress was made in the key account business. Further capital investment was undertaken on a global scale in marketing, sales and service. Additional new products will be launched on the market in 2008.

Franke Beverage Systems organic sales growth amounted to +55.8%.

In regard to **Other Activities** (Franke Industrie AG and Franke Werkzeugbau AG, Aarburg, frifri aro sa, La Neuveville, Steeldesign, Germany), sales were +18.4% up on the previous financial year.

Franke in Switzerland

In Switzerland, during the financial year 2007, more than CHF 31.5 million was invested in factory buildings, machinery, equipment and land reserves. An additional CHF 52.1 million was spent at Franke Immobilien AG, the sister company. At the Franke location in Aarburg, more than 40 new employees were welcomed. These figures again emphasize the importance which Franke accords to its locations in Switzerland and Aarburg.

Investments

In 2007, total investments were made amounting to CHF 409.1 million (previous financial year: CHF 178.1 million). Investments were made up of operational investments of CHF 163.7 million and acquisitions of CHF 245.4 million. These major investments are of a long-term, strategic nature.

Balance sheet developments

The consolidated balance sheet of the Franke Group increased year on year by CHF 435.1 million to CHF 2,345.5 million (+22.8%). Around 70% of this increase was due to the assets and liabilities from the acquisition of Defy in South Africa.

Equity as at December 31, 2007 was CHF 1,027.1 million (previous year CHF 810.6 million). The equity ratio in-

creased to 43.8%, compared with the previous year's level of 42.4%.

First quarter 2008

Franke Group's sales in the first quarter of 2008 exceeded sales for the same period of the previous year by +7.5% overall. This result is attributable to organic growth of +2.6% and to an increase in sales of +11.0% due to acquisitions. The effect of exchange rate fluctuations on sales growth was -6.1%.

The first quarter was marked by a large fall during March. This was caused in particular by the quickly downward moving exchange rates and the early Easter holidays (four fewer working days). In the end, performance in April has somewhat offset the weak results from March.

The number of staff members employed by the Franke Group as of March 31, 2008 was 12,843 and represents a decrease of 47 as against December 31, 2007. In the first quarter, investments totaling CHF 31.5 million were made - primarily in operating facilities.

| In CHF million | Q1/2006 | Q1/2007 | Q1/2008 |
|--------------------------|----------------|----------------|----------------|
| Net sales | 571.1 | 655.3 | 704.7 |
| Change | +46.8% | +14.7% | +7.5% |
| Investments | 18.8 | 31.7 | 31.5 |
| Personnel as of March 31 | 8,560 | 9,088 | 12,843 |

Outlook for 2008

The operating objectives for the individual Franke businesses for 2008 are as follows:

Franke Kitchen Systems will concentrate on its sinks and water management business as well as on air management (hoods) and waste management. A high priority for Franke Kitchen Systems is also the achievement of revenue and growth targets within the defined strategy

Franke Foodservice Systems intends to continue to grow profitably in the area of preventive maintenance/servicing and with large-scale roll-outs (new products in existing restaurants). It will continue to push ahead with its own new and innovative products that have a high added value. The successful resupply business (small wares and spare parts) will be driven forwards on a global stage. Franke has recently acquired S2K Graphics in Los Angeles, California, USA, a long-time supplier of point-of-purchase materials in restaurants. S2K will be integrated into Franke Resupply Systems.

Franke Washroom Systems is concentrating on rapid further development to become an overall provider of system solutions, as well as to develop new markets in Europe. The key account business is also to be further extended in this sector (e.g. aviation, rail traffic, etc.). The high demand from hospitals, football stadia and prisons for Franke Washroom Systems products is cause for optimism. At present the newly founded Franke LLC in Ras-el-Kaimah, United Arab Emirates, is being established with a production plant. Additionally, the company will carry out important logistic and distribution tasks in the region.

Franke Coffee Systems will continue to expand the sales and service organizations at a global level. Major efforts will be expended in successfully driving the key account business forward. For example, large orders for coffee machines have been received for McDonald's USA. Further product innovations are being prepared for introduction to the market.

Franke Beverage Systems recorded very good growth in the first three months of the year. The world wide keg repair and service organization is currently being expanded. The new keg production in Ruston, LA, USA will be further increased.

Order books are currently well-filled in Switzerland, at Franke Industrie AG, and the civil aviation and energy generation customer sectors are growing encouragingly. The deep fryer manufacturer frifri aro SA in La Neuveville, Switzerland, that belonged to "Other Activities", has recently been sold to Middleby Corporation. Furthermore, last week a buyout was agreed upon with the management of Steel-design GmbH in Germany.

The **Franke Group** should continue to increase sales in 2008, albeit not quite to the extent of the previous year. Currency effects, macroeconomic conditions and the development of raw material prices remain large factors of uncertainty. The most important objective is to increase the Group's earnings power in comparison with the previous year.

***Franke** is a global supplier of products, services and customized solutions in the household and catering food preparation sectors, broadly defined. The Franke Group, headquartered in Aarburg, Switzerland, is firmly established with over 80 subsidiaries in 42 countries, and has approximately 13,000 employees worldwide. The two divisions **Franke Kitchen Systems** (sinks, extractor hoods, taps, hobs, ovens) and **Franke Foodservice Systems** (systems and services for quick service restaurants) are the 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. Franke generated consolidated sales of CHF 3,021.0 million in 2007.*

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