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The Franke Artemis Group 2011 Half-Year Results: Organic Growth of 4.9 Percent and a Stable Earnings Situation

The Franke Artemis Group generated net sales of CHF 1,204.3 million in the first half of 2011, which corresponds to organic growth of 4.9%. The earnings situation remained stable. The strong Swiss franc had a major impact on the bottom line.

The **Franke Artemis Group** generated net sales of CHF 1,204.3 million in the first half of 2011, which corresponds to organic growth of 4.9%. However, the negative impact of the currency exchange rate on net sales was 12.8%. The inclusion of Feintool International Holding AG through the takeover of the majority of shares led to 8.9% (CHF 102.3 million) in growth through acquisition. The earnings situation at the Group level remained stable compared to the previous year. The strong Swiss franc had a significant influence on the consolidation as well as on the margins of the export products produced in Switzerland. The balance sheet total came to CHF 2,883 million; the equity ratio was at 48.6%. The number of employees jumped from 10,552 at the end of 2010 to 12,107 on June 30, 2011 (of which 1,415 resulted from the Feintool consolidation). Total investments were CHF 209.4 million (CHF 55.8 million operational investments, CHF 153.6 million financial investments).

Organic growth within **Franke Kitchen Systems Group** (sinks, extractor hoods, fittings, hobs, ovens, etc.) was 3.1%. Sales sank from CHF 766.2 million to CHF 697.4 million (-9.9%) due to currency exchange rate fluctuations. Margins were slightly lower compared to the previous year. Business activity in certain markets, in particular southern Europe and North America, proved to be increasingly difficult. Contrary to this, South Africa, Asia/China, and South America developed well. The number of employees was an average of 7,379 people over the first half of the year, which is a reduction of 243 compared to the same period in the previous year.

Our focus is a further expansion of our market positions in the BRIC countries. We continue to give priority to consolidation projects, utilization of savings potential among our suppliers, and efficiency increase programs. The outlook for the second half year remains uncertain and difficult, in particular for some of the markets in southern Europe, North America and the Middle East.

The **Franke Commercial Systems Group** (Franke Foodservice Systems, Franke Washroom Systems, Franke Coffee Systems, Franke Beverage Systems, Industrial Engineering) achieved organic growth of 4.3%. Sales sank from CHF 436.9 million to CHF 408.8 million (-6.4%) due to currency exchange rate fluctuations. The bottom line improved considerably compared to the previous year. The workforce grew from an average of 2,811 in the first half of 2010 to 2,937 in the same period in 2011.

We expect a higher business volume for the second half year compared to the first half year.

The **Franke Artemis Real Estate Group** business continued to develop positively. The various real estate projects in Switzerland are on schedule and the participations in real estate companies are also in line with expectations. In addition to further investments in Switzerland, new projects were realized in Rumania and the United States.

In the **Franke Artemis Asset Management Group** (Asset Management and Industrial Participations), overall developments were generally positive in the first half year. We expect satisfactory results from operations in the second half of the year despite the difficult business environment.

*The industrial activities of **Franke Artemis Group** include Franke Kitchen Systems Group and Franke Commercial Systems Group. **Franke Kitchen Systems Group** is the world-leading provider of kitchen systems (sinks, extractor hoods, fittings, hobs, ovens etc.). **Franke Commercial Systems Group** includes Franke Foodservice Systems (kitchen systems and services for quick-service restaurants), Franke Washroom Systems (washroom and sanitary systems in the public and semi-public sectors), Franke Coffee Systems with a wide range of superautomatic, professional and semi-professional coffee machines, Franke Beverage Systems (beverage containers) and industrial engineering. Furthermore, the Franke Artemis Group manages an extensive real estate portfolio (**Franke Artemis Real Estate Group**) in Switzerland and holds various strategic participations in Swiss listed companies (**Franke Artemis Asset Management Group**). The Franke Artemis Group employs around 12,000 staff worldwide and is established in over 40 countries with about 70 subsidiaries. The Franke Artemis Group generated consolidated sales of CHF 2.4 billion in 2010.*

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