

Annual Financial Press Conference

Vorwerk Enters Its Jubilee Year on a Sound Footing

International business makes a key contribution to the group's operating result. Innovative products and a personal touch form the basis for continued growth

Wuppertal, June 12, 2008. Vorwerk has entered its 125th year on a sound footing.

Thanks to its policy of expanding existing and opening up new markets, to its innovative products and the attractive career opportunities it offers many people, the Wuppertal-based family enterprise enjoys a solid basis for continued growth and is well prepared for the opportunities and challenges of global competition. Growth orientation and openness to change are very much a tradition at Vorwerk.

"125 Years of Vorwerk" commemorates the anniversary of a family enterprise that has reinvented itself and changed time and time again," explains Peter Oberegger, Managing Partner of Vorwerk & Co. KG. "Vorwerk has always been skilled at combining great continuity with a constant willingness to embrace change. It is to this latter characteristic that Vorwerk owes its evolution from a small carpet factory to an internationally prosperous corporate group with a diversified and attractive portfolio of products that is chiefly sold direct to the customer." This close contact with people – be they customers or sales advisers – is an essential feature of Vorwerk business operations.

Stable business development, new growth potential

"The Vorwerk group has continued to pursue its successful strategy of internationalization. Vorwerk products are now obtainable in 61 countries, and we are represented by our own subsidiaries in 23 countries," Peter Oberegger reported at the Vorwerk Annual Financial Press Conference. Due to the strength of the euro, however, business volume in 2007 was marginally down on the record figure for 2006 (2.34 billion euros) at 2.32 billion euros. Partners' equity rose to 49 percent and so provides a solid basis for the future development of the Vorwerk group.

Press contact

Growth in existing and new markets

International business was once again the prime growth driver in 2007. “The international share of our business volume rose to 57 percent in 2007, and in the direct sales segment even accounts for as much as 80 percent,” Mr. Oberegger commented. Thanks to its strong international orientation and diversified portfolio, Vorwerk profits from global growth dynamics and is becoming less subject to regional fluctuations and trends in individual segments.

Vorwerk achieved its strongest percentage growth with the Kobold in China, with the Thermomix in Portugal, Poland and France and with the akf group in Germany. The group’s biggest absolute sales gains were generated in Mexico and Spain. JAFRA is the Number 1 company for cosmetic articles in Mexico. The Thermomix Division reported a new sales record in Spain. The most important country for Vorwerk Direct Sales is Italy – where the group not only leads the market for vacuum cleaners but is also similarly successful with the Thermomix.

Developments in the different countries/regions and divisions

Germany

Vorwerk operates in seven different segments of the German market and in 2007 generated business volume totaling 999 million euros. The akf group and HECTAS Facility Services reported significant growth of 8 percent here and were able to further expand their market position. Following successful consolidation, Vorwerk Division Carpets is also seeing steady growth and succeeded in upping sales from 74 million to 78 million euros in 2007. The division profited, like the direct sales division which markets the Thermomix multifunctional kitchen appliance, from a general return to an appreciation of quality that is likely to result in a marked increase in sales of household appliances in general.

Press contact

This could more or less compensate for the decline in Division Kobold's sales in Germany caused by a lack of sales advisers. The initial positive results of a change process have already become apparent. Indeed, the German Kobold sales organization started the year 2008 very favorably. Vorwerk sees great potential in the German market for direct sales of the Kobold vacuum cleaner now that quality and environmental and health concerns are becoming an increasingly important factor for more and more consumers – and this is precisely where no rival can truly compete with the vacuum cleaners made by Vorwerk. A new, intelligent product generation was launched onto the market in March 2008. Almost simultaneously, *Stiftung Warentest*, Germany's consumer watchdog magazine, rated the Vorwerk cylinder vacuum cleaner Tiger 260 with the Electric Brush 360 as the best vacuum cleaner in the test, while *Emporio-Magazin* described it as an "energy saver." What's more, the Kobold is one of the few vacuum cleaners authorized to carry the "Suitable for allergy sufferers" seal of Germany's technical inspection agency, TÜV. Clearly, Vorwerk vacuum cleaners provide innovative answers to important consumer concerns such as respirable dust, allergies and the saving of energy.

"We are building on our quality lead and giving our sales advisers plenty of support by implementing a number of different measures," says Mr. Oberegger. Key strategies forming part of the change process will raise awareness and understanding of customer relationship management with the aim of intensifying our already close contacts to the customer and also optimize sales processes. We are also launching a new training offensive.

Europe

The southern European countries are key markets for the products and services Vorwerk provides. Italy takes first place here, with more than one million Kobold appliances and well over 100,000 of the multifunctional Thermomix kitchen appliances sold there each year.

Press contact

The Divisions Kobold and Thermomix reported significant growth in Spain. The Thermomix even achieved an absolute sales record with business volume totaling 109 million euros. Spain is also where the akf group has now opened its first international branch – and with great success. France, Portugal and Poland also reported gratifying growth for the Thermomix. Sales were up by 21 percent in France and 40 percent in Poland. Portugal even succeeded in almost doubling its sales result against that of the previous year.

The Thermomix is a particular favorite in countries where good food is a traditionally important aspect of life – in southern Europe generally, in France and also increasingly in Taiwan, Germany and Mexico. All in all, Vorwerk generated sales totaling 331 million euros with the Thermomix, which represents a year-on-year increase of 14 percent. This makes the versatile kitchen aid a genuine growth engine for the Vorwerk group. This is due not least to the island position of the Thermomix, a position which stems from a close collaboration between the Vorwerk group's own development and production teams and also from the sound sales experience and skills of the Thermomix representatives.

Asia

Dynamic economic developments in Asia have led to a rapidly growing middle class that sets great store by products of high quality. In China, Vorwerk has once again achieved two-digit growth, specifically, 18 percent. Vorwerk is also represented extensively in Asia by the Lux Asia Pacific brand.

A new Lux cylinder vacuum cleaner from the Vorwerk production lines and the alva water purifier, which considerably improves the often inadequate quality of drinking water in Asian households, both represent a tremendous growth market. Successful sales of the Thermomix kitchen appliance in Taiwan also indicate that this product, too, is ideally suited to the Asian market.

Press contact

America

Cosmetics and face and body care products count among the fastest-growing segments in direct sales. This was also reflected in the sales figures reported by Division JAFRA, which, at 592 million dollars, were five percent above those of the previous year. The most successful international operation within JAFRA – and Vorwerk as a whole – was once again Mexico. The company's sales – calculated in Mexican pesos – were up by twelve percent. Women, in particular, appreciate the opportunity to earn an income of their own and balance work with family life that a flexible job in direct sales offers. The JAFRA success story is all set to continue thanks to further innovative products, such as the face care program JAFRA DYNAMICS, which helps to protect against harmful environmental influences and minimizes damage to the skin.

Attractive employer

“Our success is dependent on the people who work with Vorwerk,” Peter Oberegger stresses. “That’s why we make people a central focus. We attach great importance to offering them ideal work conditions and to being a fair partner.” People who decide on a career as a self-employed representative in direct sales benefit from opportunities they will not find in other jobs. Without having to invest anything, our sales advisers determine their own results by the work they put into the job. The opportunities for further personal development are also largely shaped by personal effort. The variety of direct sales – the Vorwerk group applies all sound forms of this form of selling – offers something to suit practically any life plan: from occasional selling to a career that can include managing several hundred sales partners.

As one of the most popular employers in Germany, Vorwerk also has a very good starting position in the increasingly tough race to recruit young talents with good qualifications. This was revealed by a recent survey conducted by *Handelsblatt Junge Karriere* and the Corporate Research Foundation. “We scored particularly where pay, image, work-life balance, development opportunities and corporate culture were concerned. That really does confirm us in our people-oriented sales and corporate philosophy – and naturally

Press contact

places us in a good position to attract further recruits to the company,” Mr. Oberegger added.

As the worldwide Number 1 direct seller of household appliances and the only company proficient in all forms of direct sales, Vorwerk has also grown in terms of workforce. The number of people working with Vorwerk last year rose to 566,000, of whom 28,000 are sales advisers and representatives for household appliances and 515,000 are JAFRA consultants, bringing the total working in direct sales to 543,000. The remaining 23,000 are permanently employed by Vorwerk. Their considerable efforts and great dedication all contribute to the growth of the Vorwerk group.

Opportunities and growth markets in 2008

All corporate divisions follow the strategic goal to penetrate even more deeply into existing markets and to open up new ones. JAFRA is moving into Brazil this year and into Indonesia in the coming year. Division Kobold is currently stabilizing its activities in Germany, consolidating its position in other European countries, aiming for a strong Olympic year in China and expanding its new business in Russia. Thermomix has Taiwan and Mexico firmly in its sights as new markets. Feelina plans to grow with the aid of a new cross-selling concept. And Lux Asia Pacific is concentrating on its Pure Water and Bright Home projects.

The other divisions not involved in direct selling – Carpets, HECTAS Facility Services and the akf group – are all continuing to pursue a policy of growth and internationalization. akf is taking the leasing of mobile investment goods to Poland.

Vorwerk expects to see its business volume grow by five percent this year.

About Vorwerk

The Vorwerk & Co. KG family enterprise was founded in 1883. The holding company's registered office is located in Wuppertal, Germany; the headquarters of the various divisions are in Wollerau, Switzerland (Divisions Kobold, Thermomix, Feelina), Westlake, USA (Division JAFRA Cosmetics), Singapore (Division Lux Asia Pacific), Hamelin, Germany (Division Carpets) and Wuppertal (Division akf group, HECTAS Facility Services, Engineering).

At the head of the corporate group are Managing Partners Achim Schwanitz and Peter Oberegger. Other members of the Executive Board are Wolfgang Bahlmann (Human Resources), Eberhard Pothmann (Finance) and Jochen Sarrazin (Controlling). Vorwerk's core business is the worldwide direct sale of high-quality products. Worldwide there are around 566,000 people working with Vorwerk, of whom some 28,000 are sales advisers in the business of selling household appliances and more than 515,000 working for JAFRA Cosmetics. Vorwerk generated a business volume of 2.32 billion euros in 2007 and operates in 61 countries.

Photo material and further press releases can be accessed in the press section at www.vorwerk.de and www.rheinfaktor.de.

Reproduction free of charge. Voucher copies requested.