

## **GORENJE ACQUIRING LEADING DUTCH WHITE GOODS MARKET PLAYER**

**Amsterdam, Velenje, 11 June 2008 – The President of the Management Board and CEO of Gorenje, Franjo Bobinac and Philip Sluiter, concluded a contract on the acquisition of a 100 percent ownership stake in the company ATAG Europe B.V. The acquisition of the top-level Dutch provider of household appliances is the largest acquisition in the history of the company's operations, with Gorenje thereby realising its strategy as a fast growing Pan-European player.**

The company ATAG Europe B.V. generated nearly EUR 150 million in net sales revenues last year, representing approximately 14 percent of the operating revenues of the Gorenje Group and a net profit exceeding EUR 11 million. EBITDA, profit before amortisation which represents a rough measurement of cash flows generated from operating activities amounted to EUR 19 million last year. ATAG Europe B.V. has 420 employees and generates 90 percent of its revenues through the sale of household appliances in the Benelux area, 75% of which comprises its own and well established prestigious brand names Atag, Etna, Pelgrim, classified predominantly in the high or medium-high price classes. The company possesses between 10 and 30 percent market share on these markets.

"The acquisition of ATAG Europe B.V. is a historical milestone for Gorenje. It is a winning combination since it represents completion of Gorenje brand names portfolio with the high positioned brands and enables important strengthening of Gorenje Group position in Europe. Gorenje is thus realising its strategic plan and has assumed its active role in consolidation processes in the industry of household appliances. Between Gorenje and Atag, we see numerous synergies in marketing, procurement, product management and production ", said Franjo Bobinac, President of the Management Board and CEO.

With the inclusion of ATAG Europe B.V. in the Gorenje Group, Gorenje will succeed in covering the last remaining untapped market in Europe and enter the more than 20 million strong Benelux market where it had been present only to a minimal degree. At the same time, it will acquire the prestigious Atag brand name which is ranked in the highest price class of household appliances. In this way it will also cover the most prestigious high-end portions of certain western markets. The company 's inclusion will thus significantly contribute to a growth in the financial indicators of the Gorenje Group.

The acquisition of the company ATAG Europe B.V. also represents a significant milestone in operations of Gorenje, since the Director and 100 percent owner of the assumed company, Mr. Philip Sluiter who played

a leading role in the development of ATAG Europe B.V., will join Gorenje's Management Board. Mr. Sluiter will remain the Director of the company ATAG Europe B.V. and thus ensure that the company continues to attain the desired growth of business results. On the Management Board, Mr. Sluiter will be responsible for the Gorenje Group's operations in the Benelux, development of Gorenje's supplementary programme and the development of the prestigious ATAG brand names.

On the occasion of the signing of the contract Philip Sluiter stressed the following: "The strategic fit between the two companies is superb and should result in even better future performance of the new combination. I am looking forward to the new common challenges."

The purchase price for the acquisition of ATAG Europe B.V. is 130 million euro. The acquisition amount will be financed partly through an additional debt and partly through the transfer of the treasury shares for the beneficiary owner, company HOME PRODUCTS EUROPE B.V., which will by this transaction become a qualified shareholder of Gorenje. The price for the treasury shares transfer is being determined according to the 6 months average of the uniform price of Gorenje shares at Ljubljana Stock Exchange, as according to the resolution of the Gorenje Shareholders meeting on 4<sup>th</sup> July 2005. Management estimates that on the closing date there will be approximately 1 million of treasury shares to be transferred to HOME PRODUCTS EUROPE B.V., which has agreed to a lock up of the shares for the period of four years from the date of transfer. For the same period the shares will also be pledged in favour of Gorenje, d.d against potential risks originating from the period prior to the date of closing. The contract becomes valid after Gorenje receives the approval from the relevant competition authorities, which the company expects to receive by the end of June.

The acquisition will not have an effect on Gorenje's production employees in Slovenia as the company ATAG Europe B.V. is solely involved in the development, procurement and sale of its own products while the production of products is outsourced to partner companies.

Gorenje Management Board