

POSITIVE CASH FLOW, GROWTH OF THE MARKET SHARE AND KEEPING WORKING PLACES

Gorenje is also in times of crisis considering all stakeholders and development

The Supervisory Board of Gorenje has today discussed the Interim report of Gorenje Group and Gorenje, d.d., for the period January-March 2009 and the estimation of the performance till the year end. Gorenje Group is with the strong drop of business activities volume sharing the fate with the companies from the household appliances industry. Consolidated revenue amounted to 286.613 million euro and are by 5.6 % lower as in the same period last year. To neutralize the negative impacts of crisis are all activities in 2009 focused on three objectives: generating free cash flow, strengthening market shares and keeping productive working places.

The World economy is in year 2009 experiencing the major shock in the history. Gorenje has been never in the last twenty years faced by such a business circumstances. Due to these Gorenje is this year on three objectives: generating free cash flow, strengthening market shares and keeping productive working places.

Gorenje Group is with the strong drop of business activities volume sharing the fate with the companies from the household appliances industry. Consolidated revenue amounted to 286.613 million euro and are by 5.6 % lower as in the same period last year. The major portion of sales decrease contributed the market in Ukraine, Croatia, Russia and Romania, which are faced by low liquidity and increased credit risk. On the contrary the market share growth and the business volume increase were in Germany, Austria, Serbia and in the Czech Republic. The decrease of the business activities due to the structural product changes and decrease of the inventories, have the impact on the EBITDA, with the amount of 7.1 million euro.

The demand strong leaned in the benefit of low priced products. The major decrease of revenue was by the refrigerator and freezers programme, followed by cooking appliances programme, which is at the starting faze of new generation of cooking appliances launching. The refrigerator factory in Serbia and cooking appliances Mora in Czech Republic, had performed positive in the first quarter. Above expectations performed also in the last year acquired the Dutch company Atag.

The profitability weakening – the loss in the first quarter amounted to 14.74 million euro – was influenced in particular by transitional non-adjustment of the processes structure and costs to the lower sales (cost of services and labour cost), lack of dynamics in lowering costs in the use of raw materials and materials and in worsening of the conditions in the financial part of the performance (financing and insurance expenses).

Due to the fact, that the positive effects of measures of decreasing material cost, services and labour cost will show the impact on the results from the second quarter onward, has the Management Board forecasted the positive development of the result in the future months with the focus of generating free cash flow strengthening market shares and keeping productive working places.

The Supervisory Board has estimated the measures as adequate, proper and effective and is supporting the presented efforts of the Management Board in the view of objectives.

Information relating to this announcement will be available on the official web site of Gorenje d.d., Velenje, Slovenia (www.gorenje.com) for at least 5 years following the official announcement date.

Gorenje, d.d.,
Management Board

Velenje, Slovenia, the 28th of May 2009

