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GORENJE MAKES BREAKTHROUGH IN THE MIDDLE EAST

Velenje, 20 August 2009 – **This week, Gorenje signed an important contract for selling appliances in the Middle East. Jumbo Electronics, the biggest distribution company for white goods, consumer electronics and mobile phones in the region, got the exclusive right to sell Gorenje's household appliances in the United Arab Emirates and Oman. The business deal represents 20 to 25 percent of Gorenje sales in the region, where sales of Gorenje large household appliances total to 6 million euros while sales of small household appliances and ceramic tiles account for a minor additional share.**

Mr. Franjo Bobinac, president and CEO of Gorenje: *»Middle East is one of the most promising markets for Gorenje. The region includes 15 countries with more than 300 million inhabitants that - with the exception of Yemen and Afghanistan - have above average purchasing power. However, due to constant unrests and different cultural and political context the region is very demanding in regards of making business. And this year, the global economic crisis that has slowed down Gorenje's growth has affected the region as well. Boosted sales in the last months of the year are expected to match this year's performance with the last year's figures. «*

In 2006, Gorenje established company Gorenje Gulf in Dubai as direct business contacts with local partners are of utmost importance in the region that also requires holding certain knowledge on culture, religion as well as on political and economic circumstances when making business. **Mr. Nermin Salman**, Gorenje Gulf director: *»Our strategy is based on solid positioning in the international retail chains whose importance continues to rise in the region. We are also taking part in construction projects by offering comprehensive solutions, i.e. by an integrated offer of household appliances, furniture, consumer electronics, and small household appliances.«* Thus, this year Gorenje has been providing a range of products for a newly built hotel and housing complex in Abu Dhabi.

Gorenje Gulf covers the whole region from its seat in the free zone JAFZA (Jebel Ali Free Zone Authority) in the emirate of Dubai (in Jebel Ali, the biggest Middle East port). The biggest market is Iran, where half of all Gorenje products are sold. This year, the fastest growing market is the region of Kurdistan in Northern Iraq where sales of chest freezers have been on the rise.

In Azerbaijan Gorenje sells top price range household appliances and designer lines. Sales in Lebanon where already two SmarTables, Gorenje's most luxurious appliance, have been sold

are satisfying. In Kuwait and Iraq region of Kurdistan Gorenje has increased sales of built-in appliances; in Jordan cooperation with partners have been renewed. Gorenje is also present in Bahrain, Afghanistan and plans a breakthrough in Syria and Saudi Arabia.

50 percent of sales are generated by washing machines and sales of cooking appliances have been on the rise; fridges and freezers hold 20 percent in the sales composition. Specific life style, Islam tradition and habits of the Middle East inhabitants shape the demand of household appliances. **Mr. Nermin Salman:** *»Cookers have to be 90 cm wide and have a spacious oven. Due to high temperatures that reach 55 degrees Celsius only no-frost fridges suitable for the Middle East climate are requested. «*

Jumbo Electronics is a retailer and wholesaler. It holds 30 retail stores in United Arab Emirates and Oman and has started to establish its retail network in India. The exclusive right of sale contract that Gorenje signed with Jumbo Electronics is an important step towards boosting Gorenje's presence and sales in the Middle East. By the end of 2009, Gorenje and Jumbo Electronic will have established a Dubai store that is going to sell only Gorenje products.