



BUSINESS PLAN 2012 (Summary)

Management Board of Gorenje, d.d.

Velenje, Slovenia, December 2011

- ▶ Very volatile and harsh business environment;
- ▶ Solid growth of our business activities: 1.4 bn EUR;
- ▶ Group has performed with profit, but lower than budgeted: Operating profit 38.1 MEUR and Net profit 9.2 MEUR;
- ▶ Problem of comparability with the year 2010 (inclusion of Asko Group, disposal of Gorenje-Istrabenz);
- ▶ A lot of one-off effects, both positive and negative;
- ▶ Positive estimated free cash flow in the last three quarters,+11 MEUR FCF for the whole year;
- ▶ Major competitors worsened their results, both from the EBIT and FCF perspective;
- ▶ Strong rise in commodity prices, we were unable to pass on the price of finished products;
- ▶ Impact of credit (payment) management and selective risk rises in sales prices (neutralizing the effect of growth in purchase prices) on the sales volume;
- ▶ Activities on the critical markets / areas, despite already initiated processes of restructuring, have not yielded in adequate results yet (Asko, HI, Turkey, France);
- ▶ Exchange rate differences in Serbia, Czech Republic, Poland, Russia and Scandinavia had negative affects on the result;

- ▶ The decline of the markets in the Western Balkans;
- ▶ Sound management of inventories and receivables, less trade payables had a negative impact on the free cash flow;
- ▶ Divestment activities beyond the budgeted targets, investments slightly above the plan;
- ▶ New product development (iChef, iQook,...);
- ▶ Financial management, loan restructuring and diversification of sources, including factoring and supply chain financing;
- ▶ New Gorenje Strategy 2015 with a revised Business Model;
- ▶ New organisational structure and further development of corporate governance in process;
- ▶ Structural changes and Accelerated Action Plan that includes all important business processes / activities.

MEUR	B 2012	Change vs. E 2011	Change vs. E 2011 wo. IG	E 2011	E 2011 wo. IG	2010
Sales	1,391.4	-0.7%	7.4%	1,400.7	1,295.9	1,382.2
CM	585.6	9.2%	10.0%	536.0	532.3	525.4
% CM	42.1%	/	/	38.3%	41.1%	38.0%
EBITDA	101.3	14.6%	15.3%	88.4	87.9	108.7
% from sales	7.3%	/	/	6.3%	6.8%	7.9%
EBIT	50.0	31.1%	31.3%	38.1	38.0	56.4
% from sales	3.6%	/	/	2.7%	2.9%	4.1%
PBT	15.9	32.5%	47.3%	12.0	10.8	22.5
% from sales	1.1%	/	/	0.9%	0.8%	1.6%
PAT	13.4	45.6%	64.3%	9.2	8.2	20.0
% from sales	1.0%	/	/	0.7%	0.6%	1.4%

- B - Budget
- E - estimation
- CM - Contribution margin at the level of difference between sales revenue and costs of goods and material
- IG – Company Istrabenz-Gorenje (divested, July 2011)

MEUR	B 2012	Change vs. E 2011	E 2011	Change vs. 2010	2010
FCF / narrow	28.6	/	11.4	/	17.8
ROIC, %	5.2%	/	3.5%	/	5.7%
Net debt	380.3	-7.8%	412.5	2.8%	401.2
Net debt / EBITDA	3.8	-19.5%	4.7	26.4%	3.7

Legend:

FCF Narrow = NCF – Capex + Disinvestment +- Changes in Net Working Capital

NCF (Net Cash Flow) = Profit after tax + Amortization

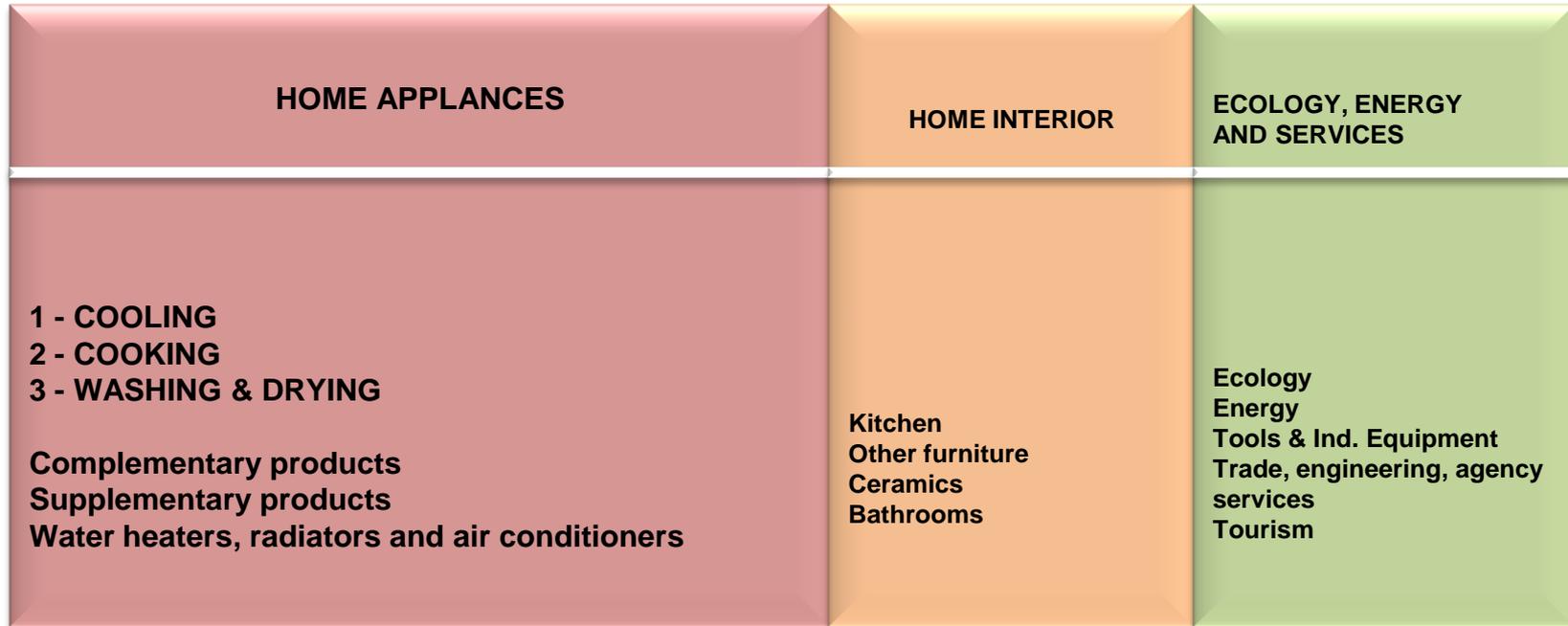
ROIC = (EBIT*(1-effective tax rate))/(Equity and Financial Debt)

Net debt = Financial debt – Cash and Cash Equivalents

Net debt / EBITDA = Net financial debt / EBITDA for the last 12 months

Organization and composition of the Gorenje Group in 2011

3 DIVISIONS (HA, HI, EES)



broad product portfolio – MDA, SDA, HVAC, services

HOME will become main focus of Gorenje Group representing 90% of all business



focus only on kitchen furniture

reorganization of business model

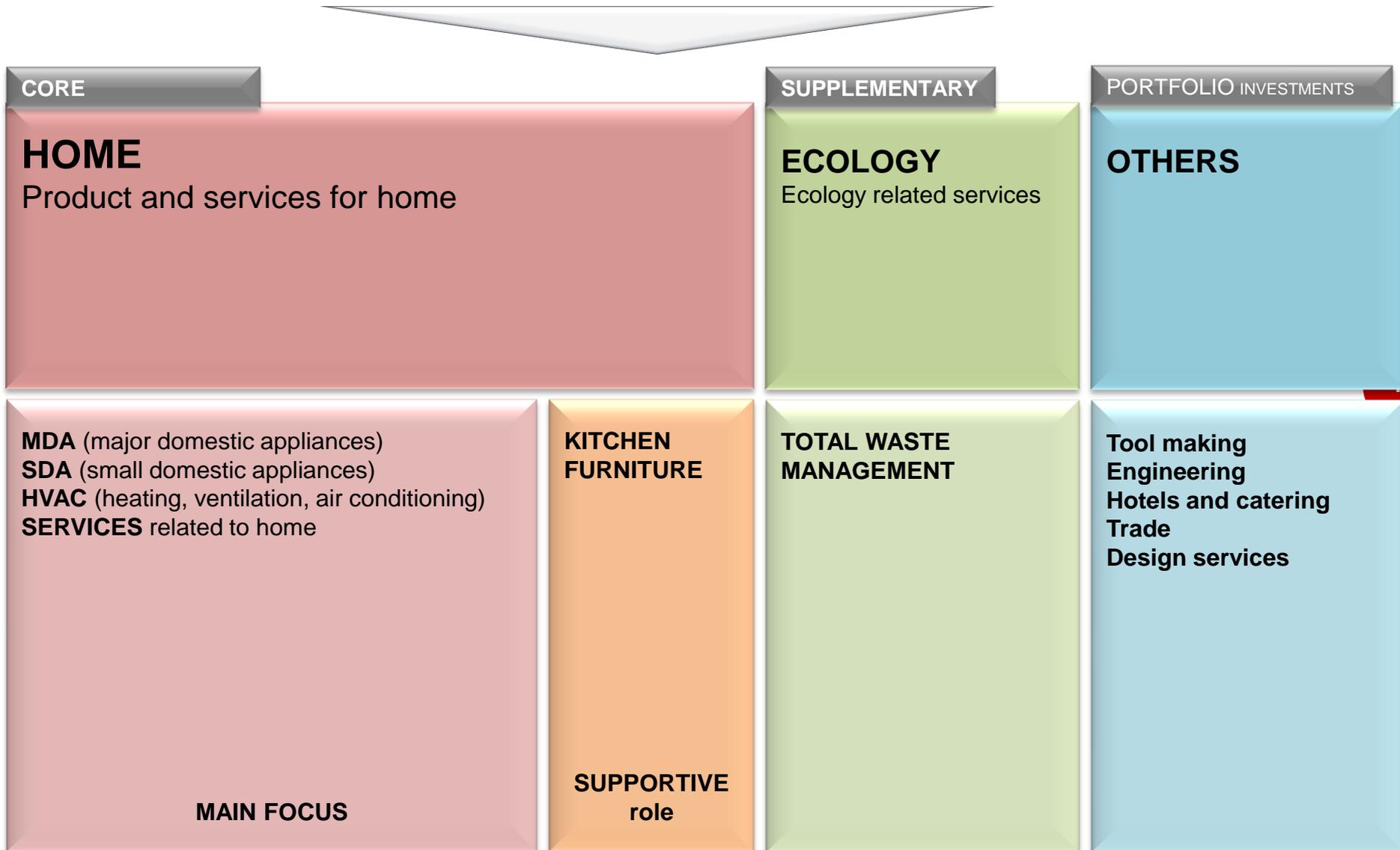


ENERGY was divested

ECOLOGY will be further developed,

SERVICES will be treated as portfolio investment

Strategic business segments of Gorenje Group



Tight economic and political situation in the world, especially in Europe

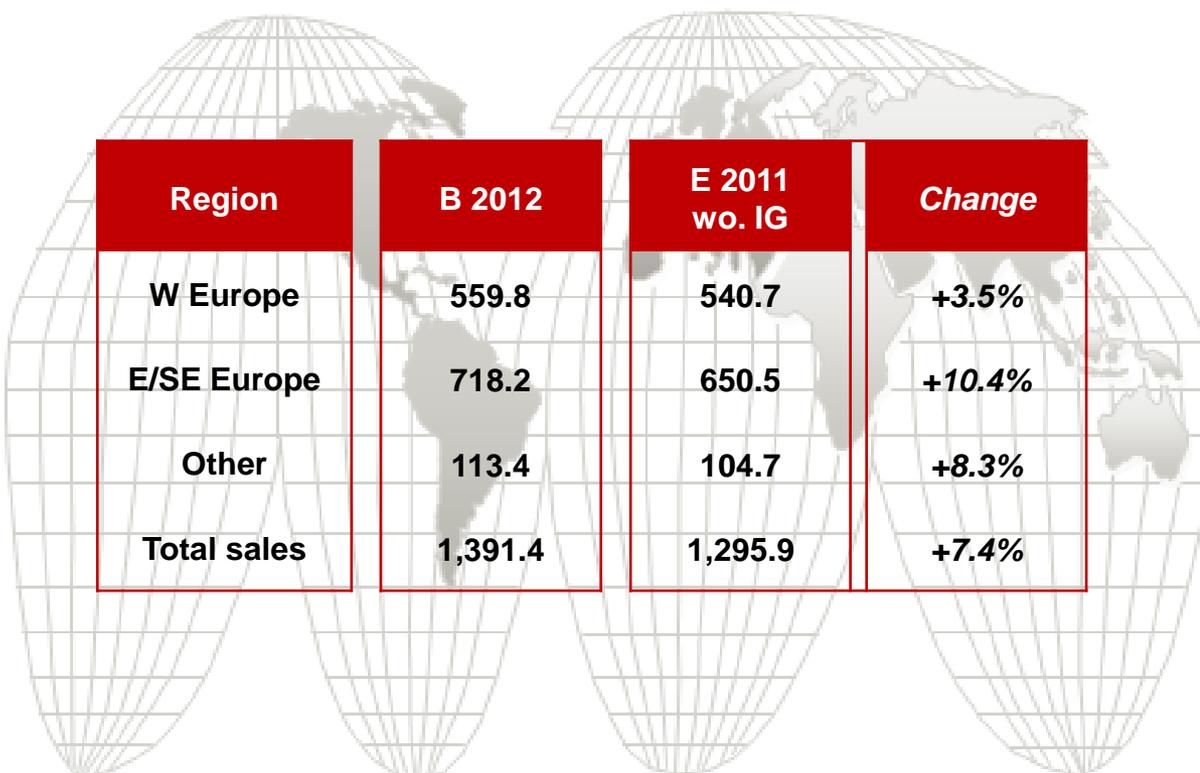
Outlook	2011	2012	2013
Real GDP growth (in %)			
• Euro zone	1.6	0.2	1.4
• OECD countries	1.9	1.6	2.3
• Slovenia	1.0	0.3	1.8
Inflation rate (year-on-year)			
• Euro zone	2.6	1.6	1.2
• OECD countries	2.5	1.9	1.5
• Slovenia	1.8	1.3	1.7
Unemployment rate (% of total labour force)			
• Euro zone	9.9	10.3	10.3
• OECD countries	8.0	8.1	7.9
• Slovenia	8.1	8.5	8.2
Growth of global trade	6.7	4.8	7.1

- The recovery will resume slowly
- Business and consumer confidence is weakening

- Inflation will swing down

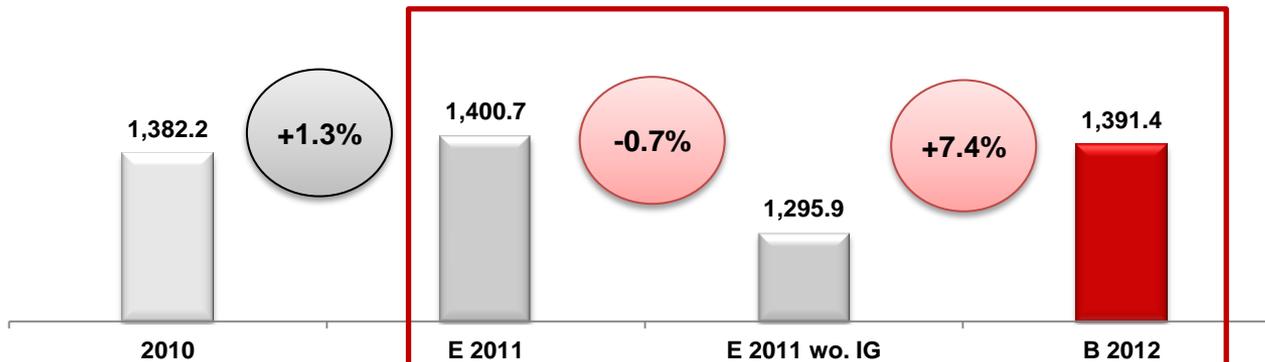
- Unemployment will remain high
- World trade has stagnated

- ➔ **Business environment in 2011:** Consumer reluctance due to uncertainty → Demand for consumer durables worse than expected → Commodity prices at significantly higher levels than in 2010 → Problematic access to financial resources → Payment indiscipline and payment risks → Euro exchange rate, foreign exchange risks in areas with "soft" currencies.
- ➔ **Expectations for 2012:** Risk awareness, uncertainty and confidence → short-term cyclical swings in activity → This is especially so for hard and costly to reverse decisions, such as fixed investment, new hiring and purchase of durable goods.

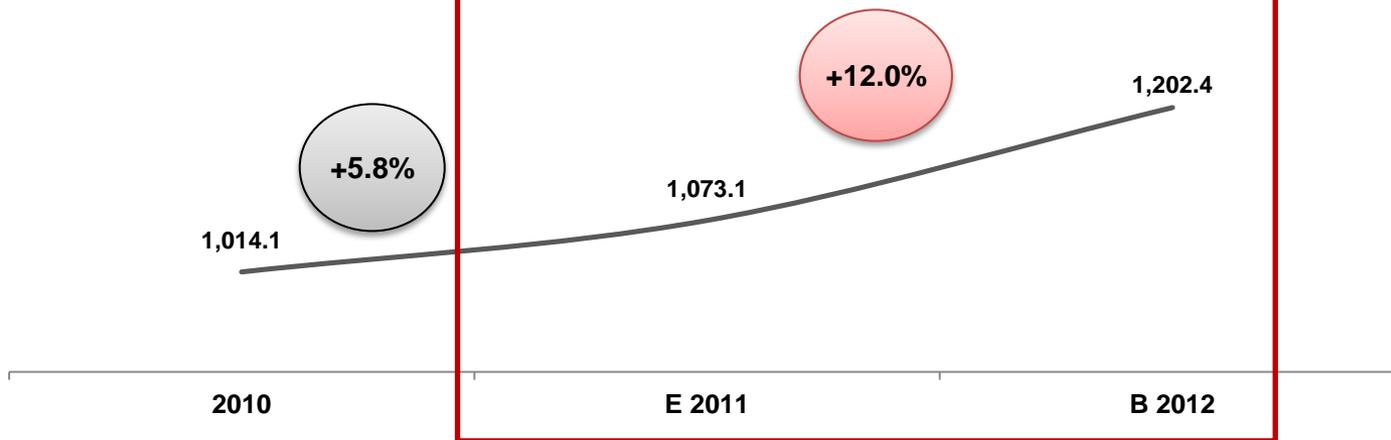


Region	B 2012	E 2011 wo. IG	Change
W Europe	559.8	540.7	+3.5%
E/SE Europe	718.2	650.5	+10.4%
Other	113.4	104.7	+8.3%
Total sales	1,391.4	1,295.9	+7.4%

Sales Group



Sales Home



10

As % of Group sales

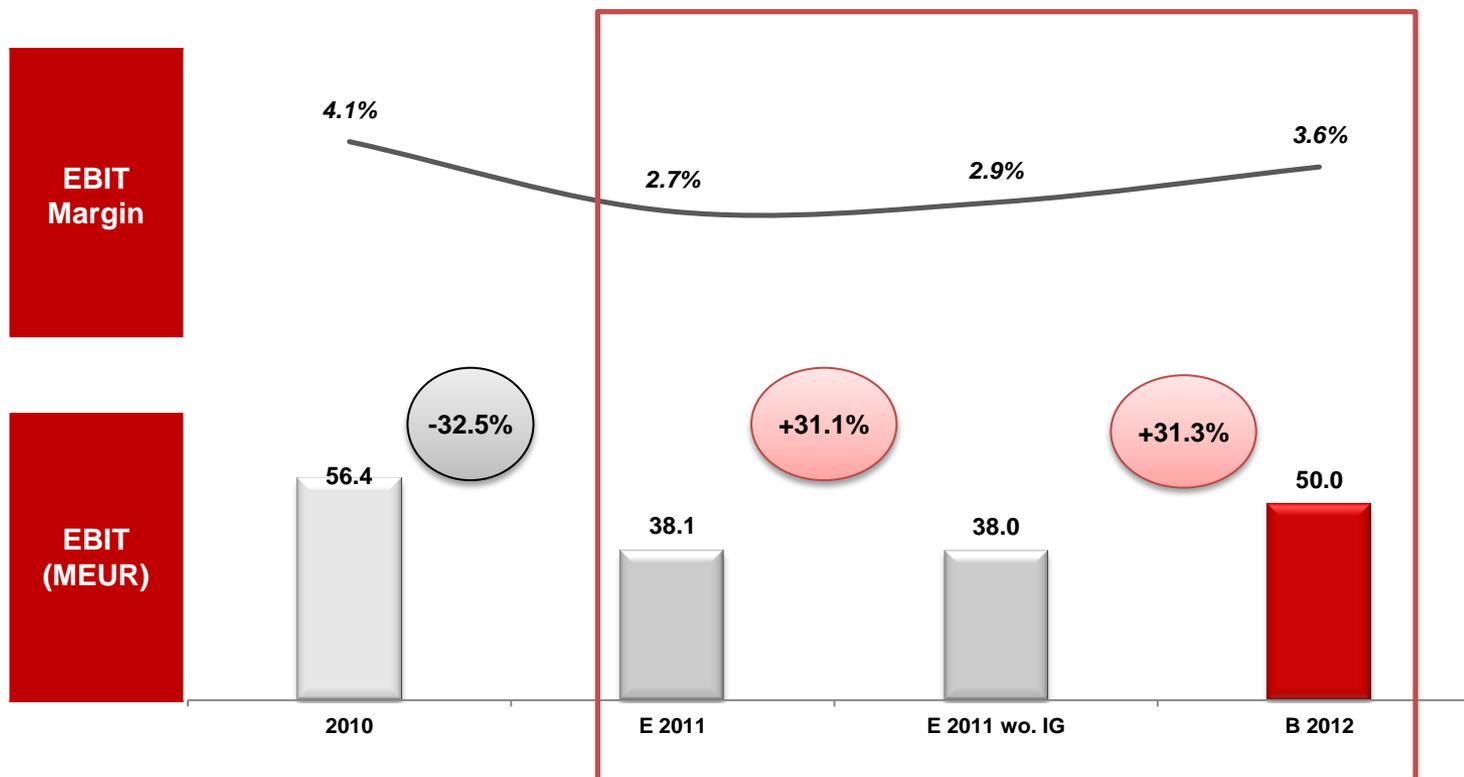


73.4%

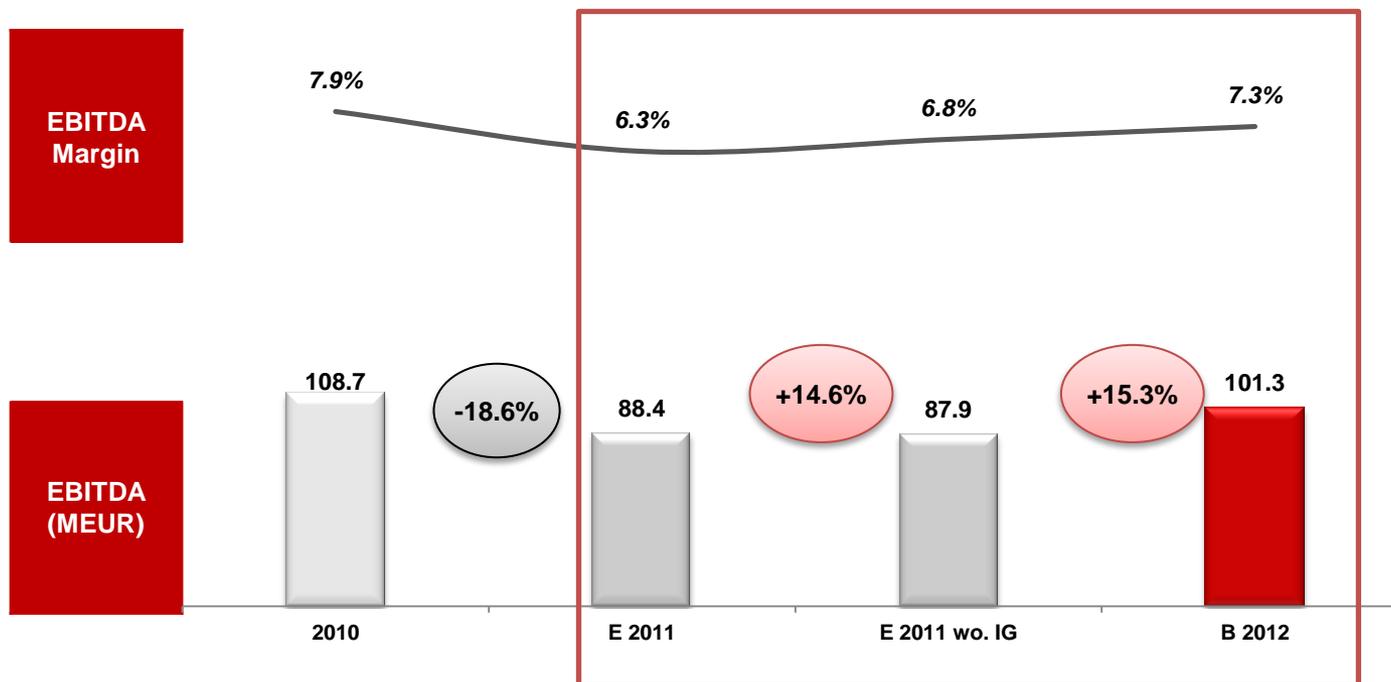
76.6%

82.8%

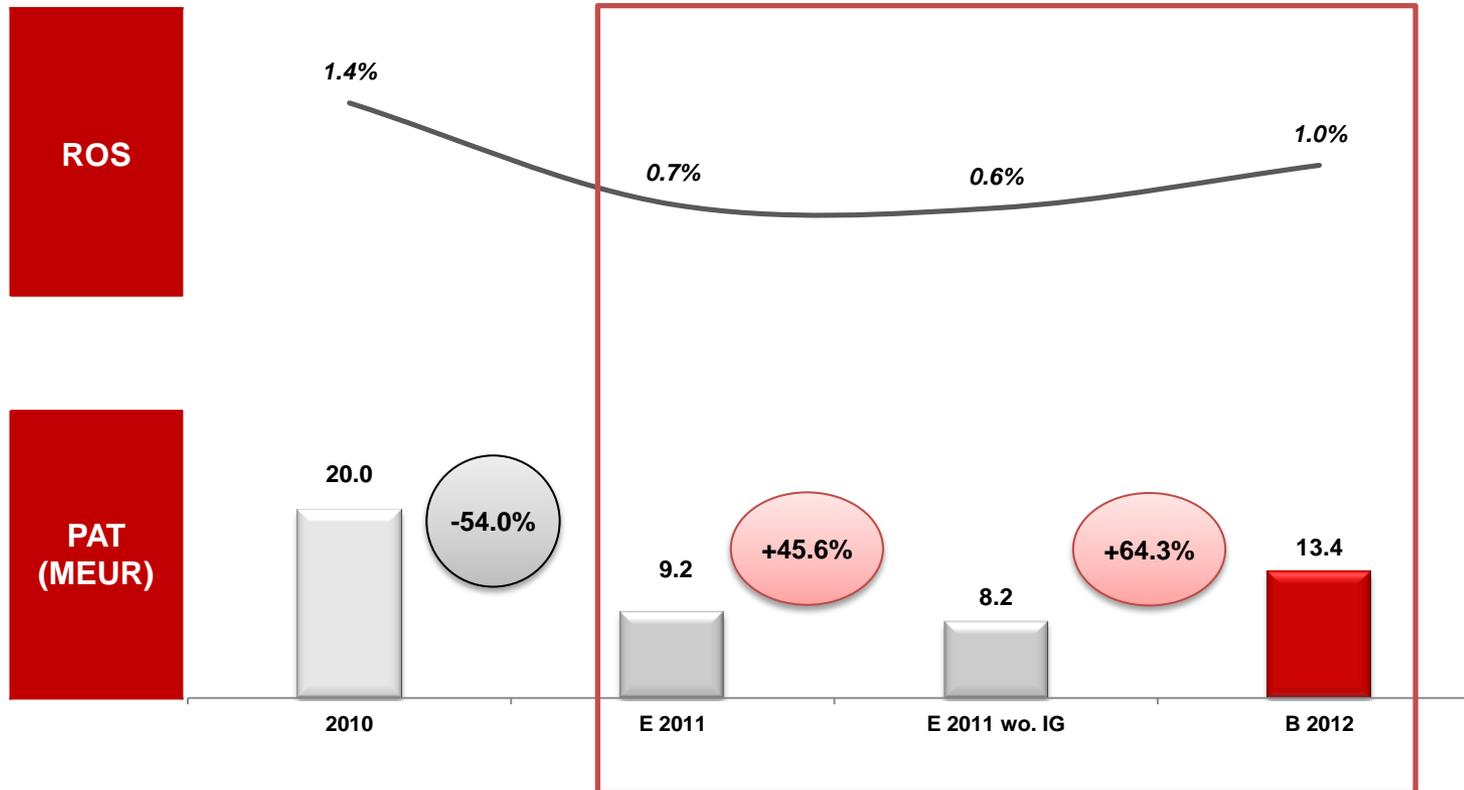
86.4%



► For the year 2010 data show a one-off impact of the negative goodwill (acquisition of Asko) of 12.9 MEUR.



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MEUR	B 2012	E 2011	E 2011 wo. IG	2010
PAT	13.4	9.2	8.2	20.0
Amortization	51.3	50.3	49.8	52.2
= NCF	64.7	59.5	58.0	72.3
Capex	-47.6	-45.9	-45.9	-44.7
Divestment	19.7	3.5	3.5	4.5
NWC	-8.2	-5.7	-8.4	-14.2
* Inventories	8.6	8.9	8.2	-6.0
* Trade receivables	-11.8	37.0	15.3	-25.3
* Trade payables	-5.0	-51.6	-31.9	17.1
= FCF (Narrow)	28.6	11.4	7.2	17.8

Effects of CF optimization in E2011 to 2010:

- Net cash flow by -12.8 MEUR / -17.6%
- Capex by -1.3 MEUR / +2,8%
- Divestment by -3.2 MEUR / -47.9%
- + Inventories by +14.9 MEUR
- + Trade receivables by +62.3 MEUR
- Trade payables by +68.6 MEUR

Effects of CF optimization in B2012 to E2011:

- + Net cash flow by +5.2 MEUR / +8.8%
- Capex by -1.6 MEUR / +3.6%
- + Divestment by +16.1 MEUR
- Inventories by -0.3 MEUR / -3.4%
- Trade receivables by -48.8 MEUR
- + Trade payables by +46.6 MEUR

MEUR	2010	E2011	B2012	MEUR	2010	E2011	B2012
Net non-current assets	463.0	470.1	438.9	Equity	392.1	395.9	409.3
Inventories	257.6	248.7	240.1	Financial investments	-53.3	-46.1	-48.9
<i>as % in 12M sales</i>	18.6%	17.8%	17.3%	Cash and cash equivalents	-82.7	-28.8	-23.5
Trade receivables	306.3	269.3	281.1	Financial liabilities total	483.9	441.3	403.8
<i>as % in 12M sales</i>	22.2%	19.2%	20.2%	Net Debt	347.9	366.4	331.4
Trade payables	-237.0	-185.4	-180.4				
<i>as % in 12M sales</i>	17.1%	13.2%	13.0%	Net Invested Capital	740.0	762.3	740.7
Net Working Capital	326.9	332.6	340.8				
<i>as % in 12M sales</i>	23.6%	23.7%	24.5%				
Other current assets / liabilities	-49.9	-40.3	-39.0				
Net Assets	740.0	762.3	740.7				

Goal:

**STRENGTHENING THE PROFITABILITY – CASH FLOW GROWTH - REDUCING DEBT
through the realization of the model of
BUSINESS EXCELLENCE.**

- ▶ Improving sales and diversifying geographically and product range;
 - ▶ Launching new products;
- ▶ Decreasing inventories and receivables - increasing free cash flow;
 - ▶ Factoring and other activities to improve capital structure;
 - ▶ Optimizing material costs, faster purchasing from LCC;
 - ▶ Restructuring of Asko Group, HI Division, Trade companies;
- ▶ Restructuring of production companies, transfers of production
 - ▶ Divesting of some real estate;
 - ▶ Reducing headcount;
 - ▶ Exploring new listing locations;
 - ▶ Adopting new Strategy 2015.

DISCLOSURE: / Factors affecting forward-looking statements

This document contains “forward-looking” statements and information – that is, statements related to future, not past, events, within the meaning of the Securities Market Act and the Rules and Regulations of the Ljubljana Stock Exchange. These statements may be identified by words such as “expects,” “looks forward to,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will,” “project” or words of similar meaning. Such statements include, among others, the financial goals and targets of parent company Gorenje, d.d., and Gorenje Group for future periods and future business and financial plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. A variety of factors, many of which are beyond Gorenje's control, affect Gorenje's operations, performance, business strategy and results and could cause the actual results, performance or achievements of Gorenje to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include, but may not be limited to the following: consumer demand and market conditions in the geographical areas and industries in which Gorenje Group operates, effects of currency fluctuations, competitive pressures to reduce prices, significant loss of business from major retailers, the possibility that customers may delay the conversion of booked orders into revenue or that prices will decline as a result of continued adverse market conditions to a greater extent than currently anticipated by Gorenje's management, the success in developing new products and marketing initiatives, developments in product liability litigation, progress in achieving operational and capital efficiency goals, the success in identifying growth opportunities and acquisition candidates and the integration of these opportunities with existing businesses, continued volatility and a further deterioration of the capital markets, progress in achieving structural and supply-chain reorganization goals. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Gorenje does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.