

**Interim report
January – September
2014**

November 14, 2014



Key financial indicators (1/2)

EUR million	Q3 2013	Q3 2014	Index	9M 2013	9M 2014	Index
Revenue	307.0	308.5	100.5	897.1	909.2	101.3
EBITDA	18.6	21.7	116.9	55.4	64.9	117.1
<i>EBITDA Margin (%)</i>	6.1%	7.0%	/	6.2%	7.1%	/
EBIT	8.1	10.8	133.0	23.6	32.7	138.1
<i>EBIT margin (%)</i>	2.6%	3.5%	/	2.6%	3.6%	/
Profit before taxes	-3.6	2.2	/	-6.8	7.7	/
Results w/o discontinued operations	-4.3	1.2	/	-9.3	5.0	/
Results from discontinued operations	-6.1	-0.3	4.3	-8.9	-1.0	11.4
Profit for the period	-10.4	0.9	/	-18.2	4.0	/

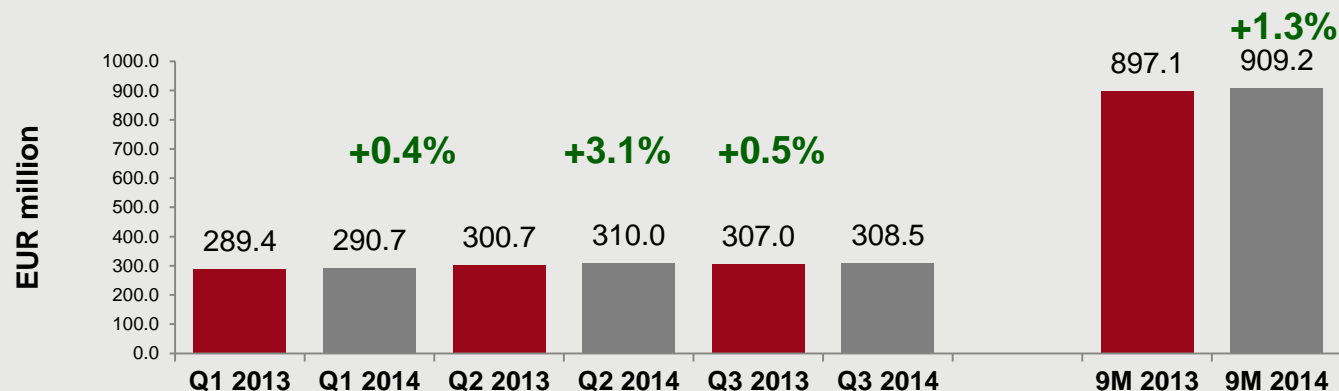
Key financial indicators (2/2)

EUR million	Q3 2013	Q3 2014	Index	9M 2013	9M 2014	Index
<i>ROS (%)</i>	-3.4%	0.3%	/	-2.0%	0.4%	/
<i>ROA (%)</i>	-3.5%	0.3%	/	-2.0%	0.5%	/
<i>ROE (%)</i>	-11.1%	1.0%	/	-6.4%	1.4%	/
Financial debt	475.2	410.4	86.4	475.2	410.4	86.4
Net financial debt	447.5	387.9	86.7	447.5	387.9	86.7
Net financial debt / EBITDA	4.6	4.4	/	4.6	4.4	/

9M 2014: Summary

- **Challenging conditions; negative effect of political crisis in Ukraine, economic slowdown in Russia, and depreciation of currencies, especially the Russian rouble**
- **Improved performance**
- **Improved operating profitability**
- **Profit in all three quarters of 2014**
- **Revenue: +1.3% (EUR 909.2 million)**
- **Organic revenue growth in both business segments Home and Portfolio Investments**
- **EBITDA: +17.1% (EUR 64.9 million)**
- **EBIT: +38.1% (EUR 32.7 million)**
- **Profit: EUR 4 million (9M 2013: loss of EUR -18.2 million)**
- **Decrease of net debt by EUR 49.6 million**

9M 2014: Revenue



- **Sales growth:** Germany, Czech Republic, Slovakia, Hungary, Bosnia and Herzegovina, Romania, Bulgaria, Caucasus countries, Great Britain, and North America.
- **Growth in markets beyond Europe:** + 14.9%
- **Higher sales of premium appliances:** increase to 16.7% of total MDA sales (up by 2.4 percentage points)
- **Growth of SDA sales** under own brands: +4.5%
- **Drop in sales:** Ukraine, Scandinavia, Kazakhstan, France, and Russia in 3Q 2014

9M 2014: Effects of changes in foreign exchange rates

- Negative effect especially from depreciation of Eastern European and non-European currencies
- Effect on organic revenue growth in key markets (excluding other categories – adjustment of prices to the market, product structure etc.):

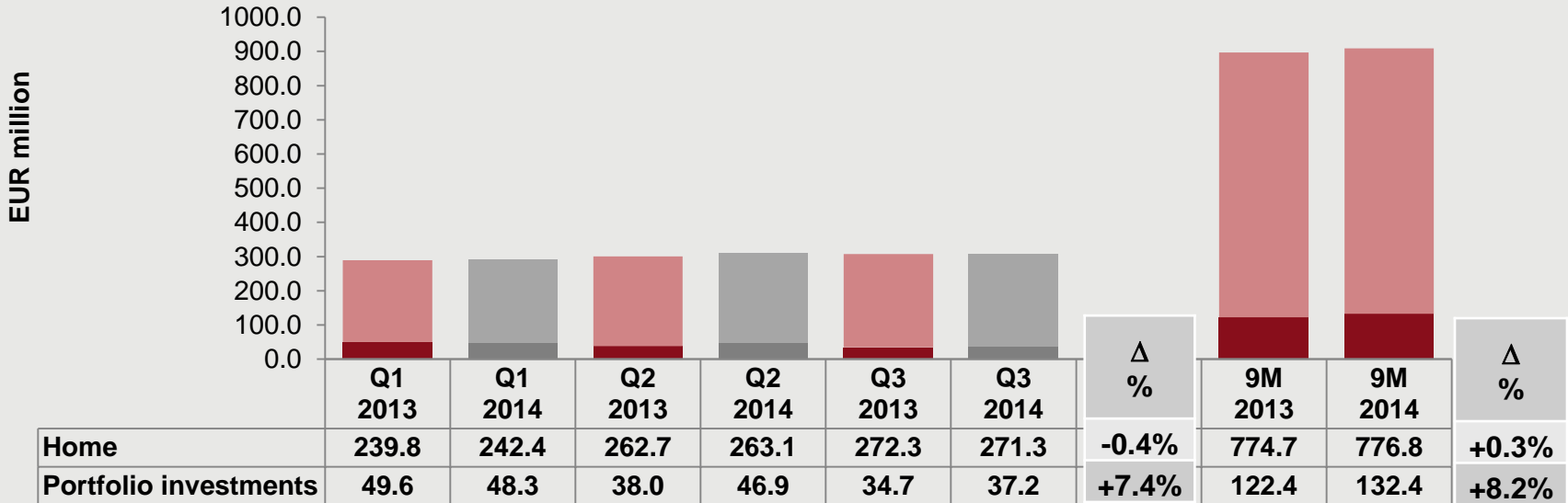
HOME EUR million	Currency effect on revenue	Actual revenue 9M 2014	Actual revenue 9M 2014 Revenue at ex. rates effective in 9M 2013	Actual revenue 9M 2013	Actual growth	Organic growth
West	-0.9	335.2	336.1	341.9	-2.0%	-1.7%
East	-19.5	359.4	378.9	361.3	-0.5%	+4.9%
Rest of world	-2.9	82.2	85.1	71.5	+14.9%	+18.9%
TOTAL	-23.3	776.8	800.1	774.7	+0.3%	+3.3%

The effect of change in exchange rates on organic sales growth is determined by calculating the value of actual revenue in local currency in the period 1–9, 2014, translated into EUR based on average exchange rates in particular currencies effective in the period 1–9, 2013. Revenue in EUR calculated in this way is then compared to the actual revenue in EUR in the period at hand.

9M 2014: Sales by geographical segments

EUR million	Q3 2013	%	Q3 2014	%	Change (%)	9M 2013	%	9M 2014	%	Change (%)
Western Europe	110.6	36.0	115.3	37.4	+4.3%	345.9	38.5	341.5	37.6	-1.3%
Eastern Europe	172.3	56.1	169.8	55.0	-1.4%	479.7	53.5	485.5	53.4	+1.2%
Rest of world	24.1	7.9	23.4	7.6	-3.1%	71.5	8.0	82.2	9.0	+14.9%
Group Total	307.0	100.0	308.5	100.0	+0.5%	897.1	100.0	909.2	100.0	+1.3%
Western Europe	109.0	40.0	112.8	41.6	+3.4%	341.9	44.2	335.2	43.1	-2.0%
Eastern Europe	139.1	51.1	135.1	49.8	-2.9%	361.3	46.6	359.4	46.3	-0.5%
Rest of world	24.2	8.9	23.4	8.6	-3.1%	71.5	9.2	82.2	10.6	+14.9%
Total Home	272.3	100.0	271.3	100.0	-0.4%	774.7	100.0	776.8	100.0	+0.3%

9M 2014: Revenue by business segments



- Organic revenue growth in both business segments
- Home 9M 2014: +0.3% (adjusting for currency depreciation: +3.3%)
- Home Q3 2014: -0.4% (adjusting for currency depreciation: +1.6 %)

9M 2014: Improvement of profitability

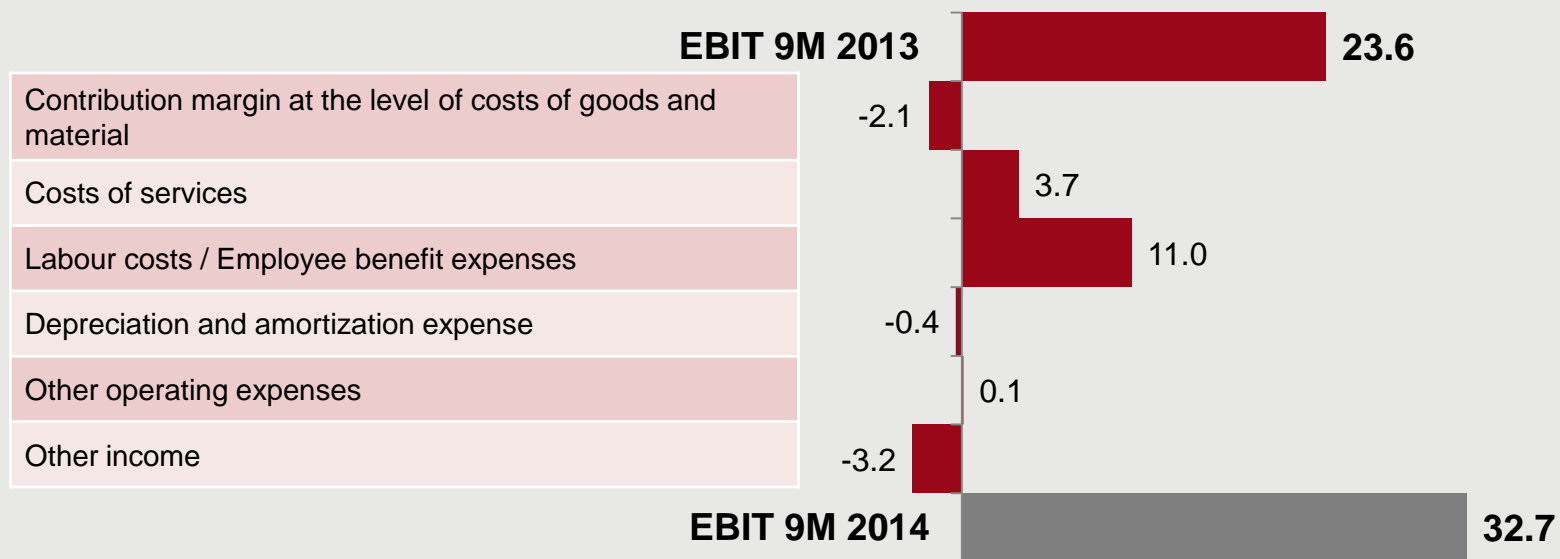
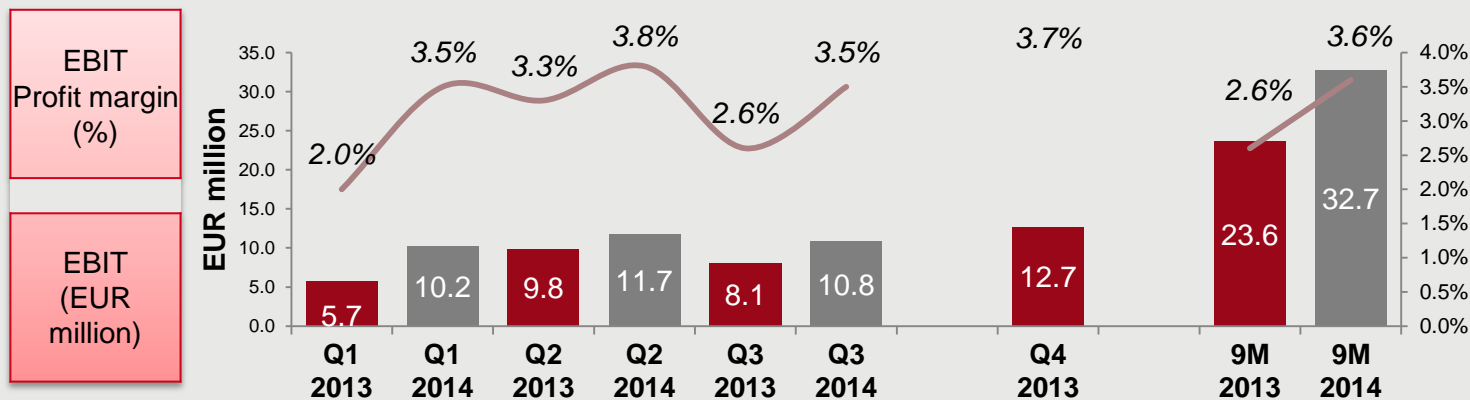
- Improved geographical structure of sales (sales growth beyond Europe)
- Improved structure of sales by products (higher sales of premium major appliances and small domestic appliances under own brands)
- Positive effects of strategic relocations (labour costs - 6.1%, lower energy costs)
- Good management of raw and processed material prices

9M 2014: New products

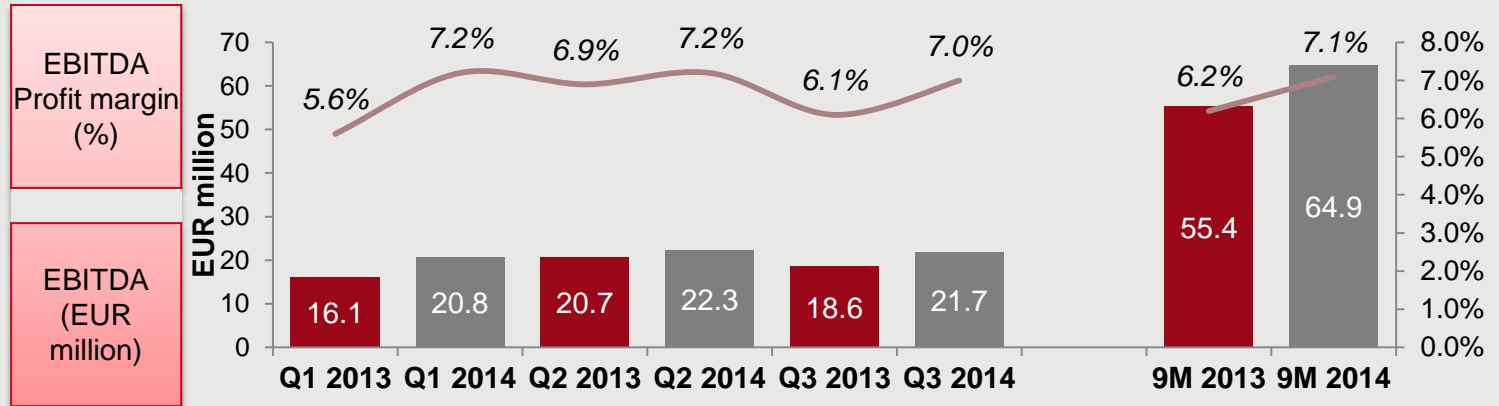


- New generation of high-end built-in ovens (Gorenje, Asko)
- Asko line of kitchen appliances
- Asko washing machine (11-kg capacity)
- Gorenje laundry dryer, energy class A+++
- Free standing fridge freezers, width 600 mm and height 2000 mm
- Extended line of Retro refrigerators
- Updated oven Gorenje by Karim Rashid
- New collection of premium Atag cooking appliances (Magna series)

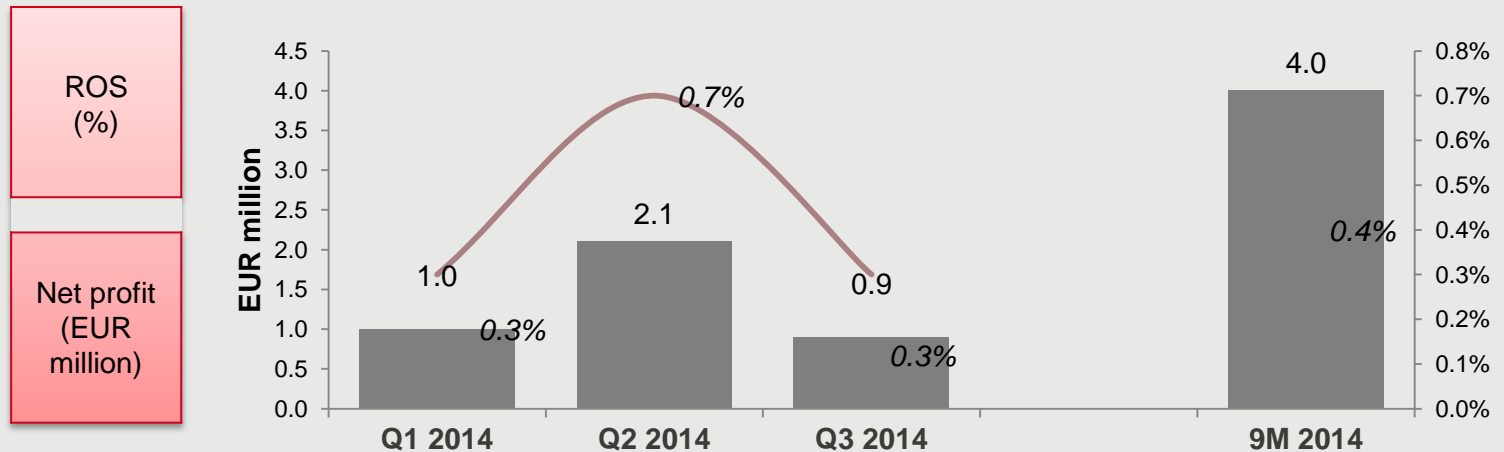
9M 2014: EBIT +38.1%



9M 2014: EBITDA +17.1%



Profit in all three quarters of 2014

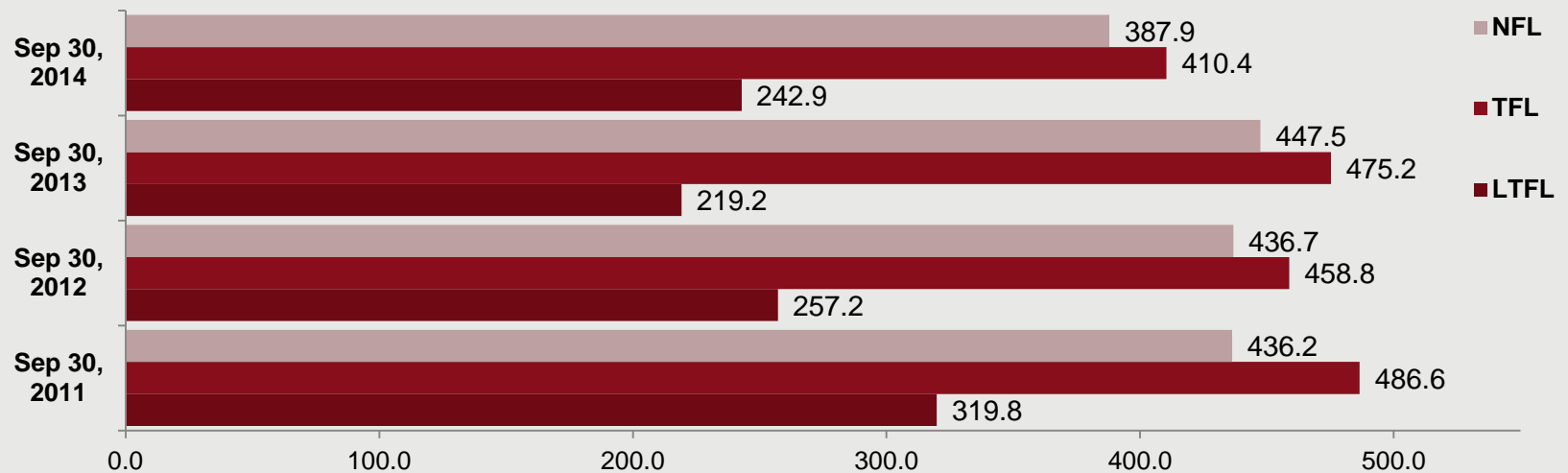


9M 2014: Lower debt

- Net debt lower by EUR 49.6 million relative to September 30, 2013
- Lower debt is a result of:
 - higher cash flow from operating activities
 - lower investment
 - lower working capital
 - successful capital increase

9M 2014: Financial performance

Change of total (TFL), long-term (LTFL), and net (NFL) financial liabilities in Q3, 2011–2014 (EUR million)*



* Accounting aspect

Data as at September 30, 2011 is presented in comparable terms, excluding the companies of the Istrabenz Gorenje Group which was divested in the first half of 2011.

Key activities by the end of the year

- **Sales**
 - ✓ Sales growth and improvement of sales structure
 - ✓ Development and launches of new products (new generation of ovens etc.)
 - ✓ Development of premium brand Asko
- **Reducing the debt**
 - ✓ Further divestment
 - ✓ Working capital optimization
- **Cost optimization**
 - ✓ Decreasing complexity
 - ✓ Lean organization development
 - ✓ Cutting the costs of material, services, labour etc.
- **Strategic partnership with Panasonic**
 - ✓ Joint washing machine development, launch in 2015
 - ✓ Refrigerator and oven manufacturing for Panasonic

Estimate by the end of 2014

- **Revenue in Ukraine and Russia lower than planned due to negative external effects; negative effect also on operating performance**
- **Ukraine: revenue in 2014 at about one half of 2013 revenue**
- **Russia: sales in 2014 at a comparable level to 2013 sales**
- **Gorenje Group revenue roughly the same as in 2013**
- **Positive performance in annual perspective**
- **Further drop of debt by approximately EUR 25 million**

Forward-looking statements

This presentation includes forward-looking information and forecasts – i.e. statements regarding the future, rather than the past, and statements regarding events within the framework and in relation to the currently effective legislation on publicly traded companies and securities and pursuant to the Rules and Regulations of the Ljubljana Stock Exchange. These statements can be identified by the words such as "expected", "anticipated", "forecast", "intended", "planned or budgeted", "probable or likely", "strive/invest effort to", "estimated", "will", "projected", or similar expressions. These statements include, among others, financial goals and targets of the parent company Gorenje, d.d., and the Gorenje Group for the upcoming periods, planned or budgeted operations, and financial plans. These statements are based on current expectations and forecasts and are subject to risk and uncertainty which may affect the actual results which may in turn differ from the information stated herein for various reasons. Various factors, many of which are beyond reasonable control by Gorenje, affect the operations, performance, business strategy, and results of Gorenje. As a result of these factors, actual results, performance, or achievements of Gorenje may differ materially from the expected results, performance, or achievements as stated in these forward-looking statements. These factors include, without prejudice to any not mentioned herein, the following: Consumer demand and market conditions in geographical segments or regions and in the industries in which Gorenje Group is conducting its operating activities; effects of changes in exchange rates; competitive downward pressure on downstream prices; major loss of business with a major account/customer; the possibility of overdue or late payment on the part of the customers; decrease in prices as a result of persistently harsh market conditions, in an extent much higher than currently expected by the Gorenje Management Board; success of development of new products and implementation in the market; development of manufacturer's liability for the product; progress of attainment of operative and strategic goals regarding efficiency; successful identification of opportunities for growth and mergers and acquisitions, and integration of such opportunities into the existing operations; further volatility and aggravation of circumstances in capital markets; progress in attainment of goals regarding structural reorganization and reorganization in purchasing. If one or more risks or uncertainties are in fact materialized or if the said assumptions are proven wrong, actual results may deviate materially from those stated as expected, hoped for, forecast, projected, planned, probable, estimated, or anticipated in this announcement. Gorenje does not intend to assume and will not allow for any liability to update or revise these forecasts in light of development differing from the expected events.