



**Executive summary  
of the Gorenje Group  
2015 Business Plan**

**January 30, 2015**

# 2014: performance estimate, highlights

- Higher revenue by 0.3% despite the negative effect of the turmoil in Ukraine (lower revenue by EUR 26.9 million relative to 2013) and Russia
- Highest revenue growth: Slovakia, Romania, Bulgaria, Hungary, Far East, Slovenia, USA; growth also in Germany and the Czech Republic
- Market share increase in most markets
- Positive results in all of the first three quarters (despite the negative impact of Ukraine and Russia); deterioration of conditions in the 4th quarter due to strong rouble depreciation, which affected the profitability
- Nevertheless, operating profitability improved relative to 2013:
  - EBITDA: +6.6%
  - EBIT: +10.2%
  - Profit before taxes: EUR 5.1 million (2013: EUR -18.6 million)
  - Net profit: EUR 0.1 million (2013: EUR -25 million)

# 2014: performance estimate, highlights

- **Successful manufacturing operations restructuring in recent years notably improved the profitability in 2014.**
- **Gorenje tackled the sudden deterioration of conditions in Russia and Ukraine in better shape: effect of manufacturing operations restructuring, in particular lower labour costs (EUR -20 million).**
- **Solid management of raw and processed material costs**
- **Improved working capital management**
- **Lower net debt: EUR -26 million and improved maturity profile (including the first issue of bonds)**
- **Successful completion of the last of the 3 capital increases (debt to equity swap in the amount of EUR 10 million)**

# 2014: performance estimate, highlights

- **Consolidation of strategic partnership with Panasonic**
- **As of April 2014, cooperation with upmarket refrigerator and oven manufacturer SubZero in the USA for distribution of Asko washing machines, dryers, and dishwashers.**
- **Launch of new generation of built-in cooking appliances**
- **Expansion of Asko assortment with cooking appliances**

# 2014: performance estimate, highlights

EUR million	2013	Index E14/13	Estimate 2014
<b>Consolidated revenue</b>	<b>1,240.5</b>	<b>100.3</b>	<b>1,244.3</b>
<b>EBITDA</b>	<b>78.2</b>	<b>106.6</b>	<b>83.4</b>
<i><b>EBITDA Margin (%)</b></i>	6.3%	/	6.7%
<b>EBIT</b>	<b>36.3</b>	<b>110.2</b>	<b>40</b>
<i><b>EBIT Margin (%)</b></i>	2.9%	/	3.2%
<b>Profit before taxes</b>	<b>-18.6</b>	/	<b>5.1</b>
Results w/o discontinued operations	-14.4	/	1.1
Results from discontinued operations	-10.6	/	-1
<b>Profit for the period</b>	<b>-25.0</b>	/	<b>0.1</b>
<i><b>ROS (%)</b></i>	<b>-2.0%</b>	/	<b>0.0%</b>
<b>Net financial debt</b>	<b>358.8</b>	<b>92.7</b>	<b>332.7</b>
<b>Net financial debt / EBITDA</b>	<b>4.59</b>	/	<b>3.99</b>

\*Note: Summary of unaudited financial statements of Gorenje, d.d., and Gorenje Group for 2014 will be released for public on March 13, 2015.

# 2015: Business Plan, highlights

- **Further improvement of operating profitability**
  - **EBITDA: +11.4%**
  - **EBIT: +8%**
  - **Net profit: EUR 6.1 million (2014 estimate: EUR 0.1 million)**
  
- **Revenue: -2.3% (lower especially due to uncertain conditions in Russia where lower revenue is expected after a decade of growth)**
  
- **Intensified adjustment of the business model for higher competitiveness (lower complexity, better efficiency)**
  
- **Improved efficiency and performance of support processes**
  
- **Further working capital optimization and net deleveraging**
  
- **Increasing our business volume with our strategic partner Panasonic**

# 2015: Business Plan, highlights

- **New launches:**
  - New generation of Gorenje cooking appliances
  - New Asko dishwashers
  - New line of Asko cooking appliances
  - New line of Magna cooking appliances by Atag
  - New Matrix cooking hobs by Atag
  
- **Development of new premium and innovative products to support the growth of sales in upmarket segments**

# 2015: Business Plan, highlights

EUR million	2013	Estimate 2014	Plan 2015	Index	
<b>Consolidated revenue</b>	1,240.5	1,244.3	1,216.1	97.7	↓
<b>EBITDA</b>	78.2	83.4	92.9	111.4	↑
<i>EBITDA Margin (%)</i>	6.3%	6.7%	7.6%	/	
<b>EBIT</b>	36.3	40.0	43.1	108.0	↑
<i>EBIT Margin (%)</i>	2.9%	3.2%	3.5%	/	
<b>Profit before taxes</b>	-18.6	5.1	10.8	212.0	↑
Results w/o discontinued operations	-14.4	1.1	7.6	719.1	
Results from discontinued operations	-10.6	-1.0	-1.5	152.9	
<b>Profit for the period</b>	-25.0	0.1	6.1	/	↑
<i>ROS (%)</i>	-2.0%	0.01%	0.5%	/	↑
<b>Net financial debt</b>	358.8	332.7	321.2	96.5	↓
<b>Net financial debt / EBITDA</b>	4.59	3.99	3.46	/	↓



# Goal: improvement of profitability

## Based on:

- **Improved product structure of sales:**
  - Increase in sales of premium products to 17.2% in terms of volume (2014 estimate: 16.4%)
  - Increase in sales of innovative products to 7.2% in terms of volume (2014 estimate: 7.1%)
  - Increase in share of HVAC equipment sales to 3.6% (2014 estimate: 3.3%)
  - Increase in share of small domestic appliances sales to 4.1% in terms of volume (2014 estimate: 3.8%)
  
- **Improved geographical structure of sales:**
  - Revenue growth in non-European markets +2.5% (especially Middle and Far East, Australia)
  
- **Adjustment of pricing policy**

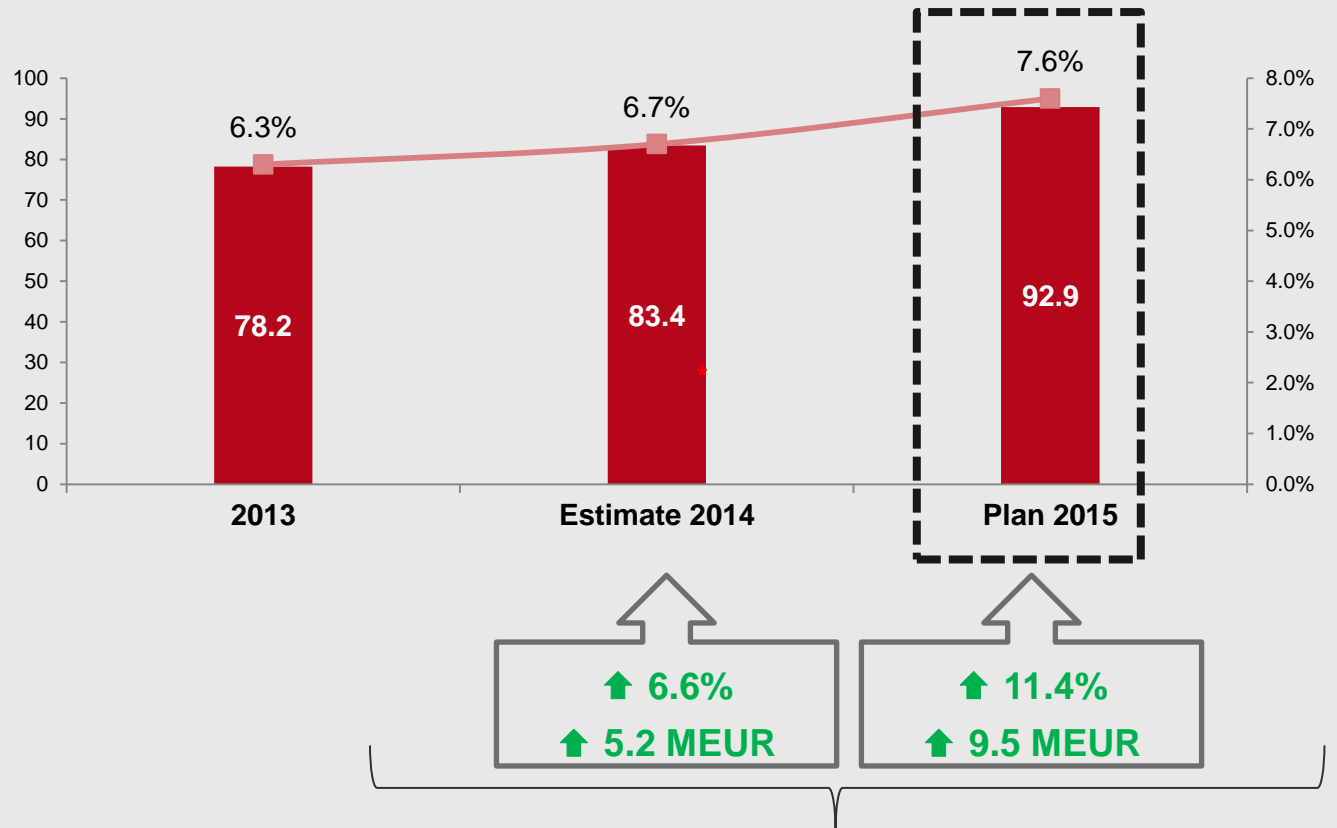
# Goal: improvement of profitability

- **Based on improved cost efficiency:**
  - Optimization of raw and processed material costs
  - Optimization of logistics costs
  - Optimization of costs of other services
  - Optimization of labour costs
  - Reduction of complexity by improved management of finished product and merchandise IDs (codes)

# EBITDA

**EBITDA  
Profit  
margin  
(%)**

**EBITDA  
(EUR  
million)**

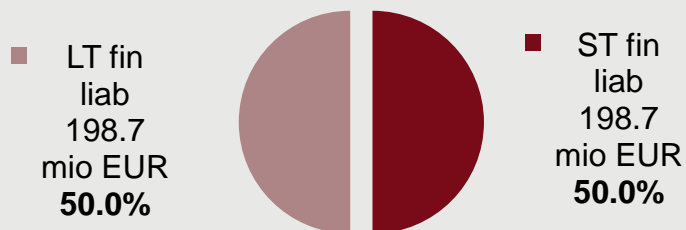


**Improved performance at the level of EBITDA owing to higher planned contribution margin, especially in the Home segment**

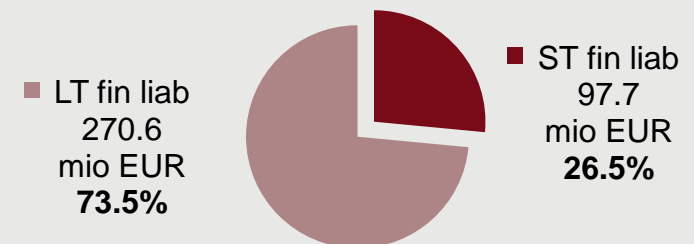
# Goal: deleveraging and maintaining a stable debt maturity profile

- Further net deleveraging (improved working capital management, divestment)
- Improvement of net financial debt/EBITDA indicator to 3.46
- Maintaining a stable debt maturity profile

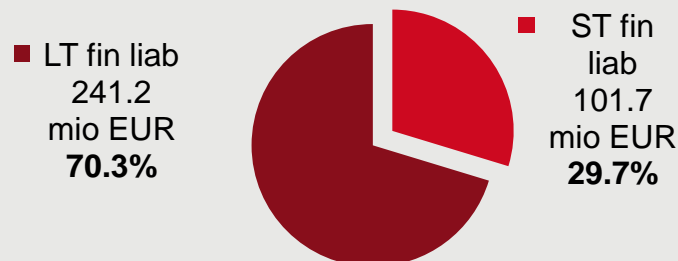
**2013**



**2014 Estimate**



**2015 Plan**



## 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.*