

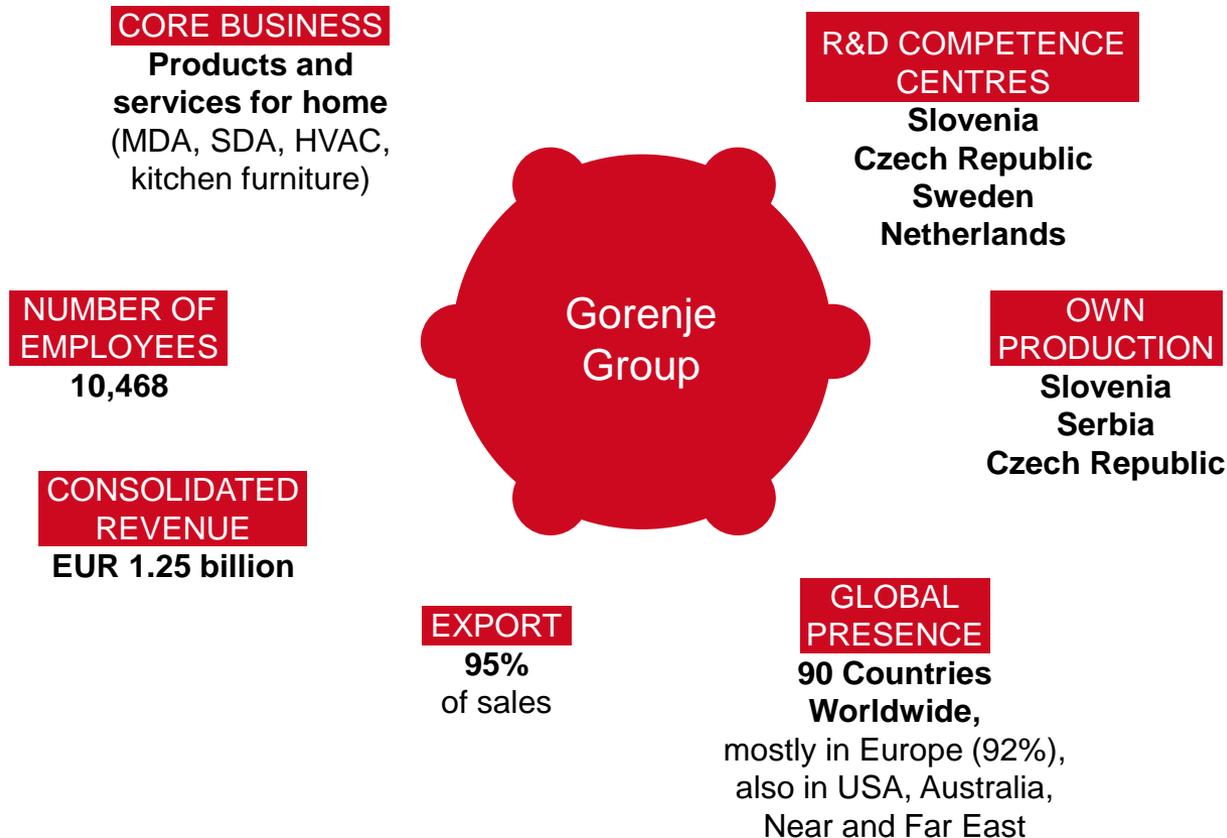
Commercial papers GRV04

Presentation of Gorenje Group
and the proposed terms and
conditions of commercial papers

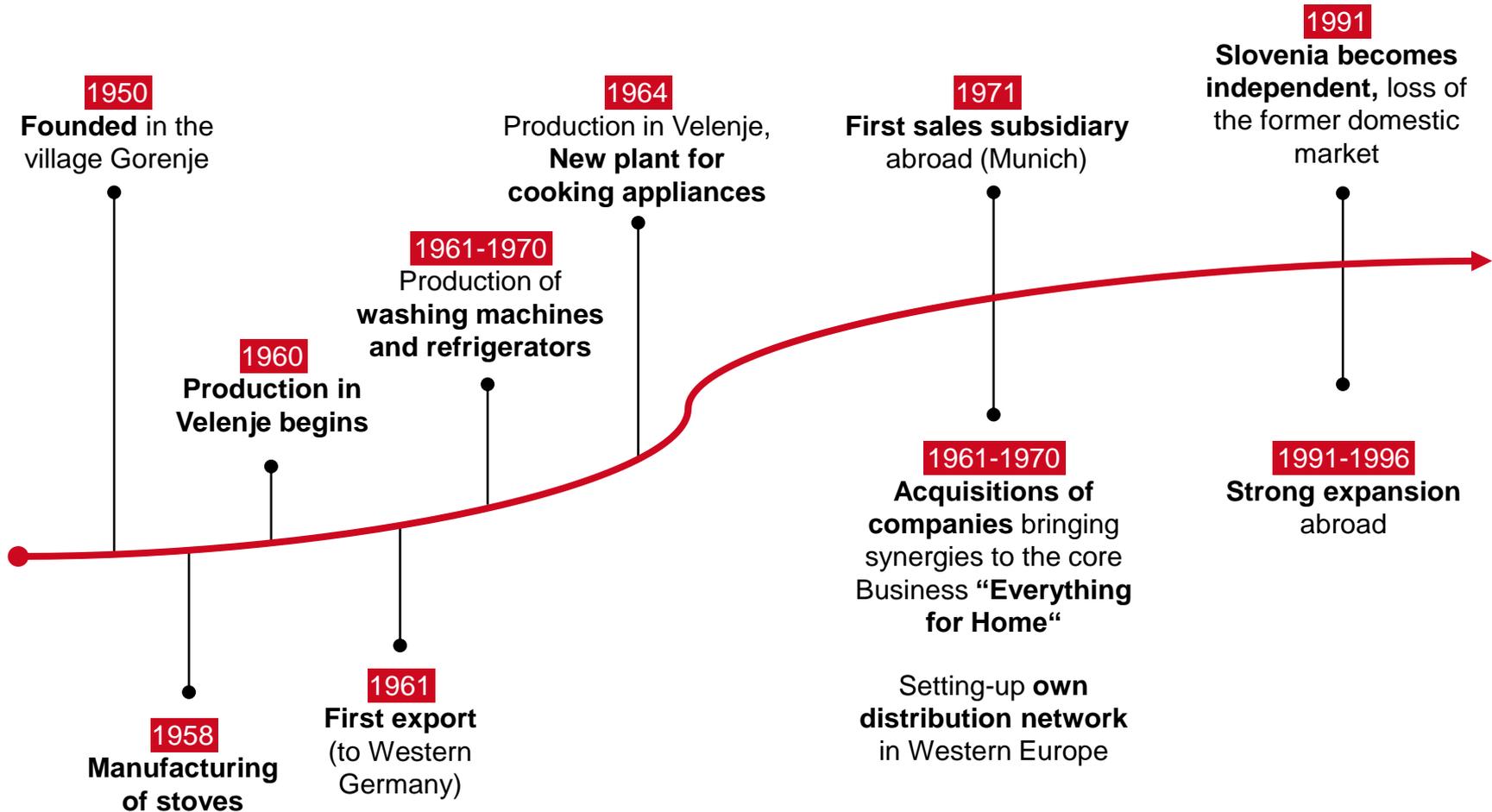
January 2016



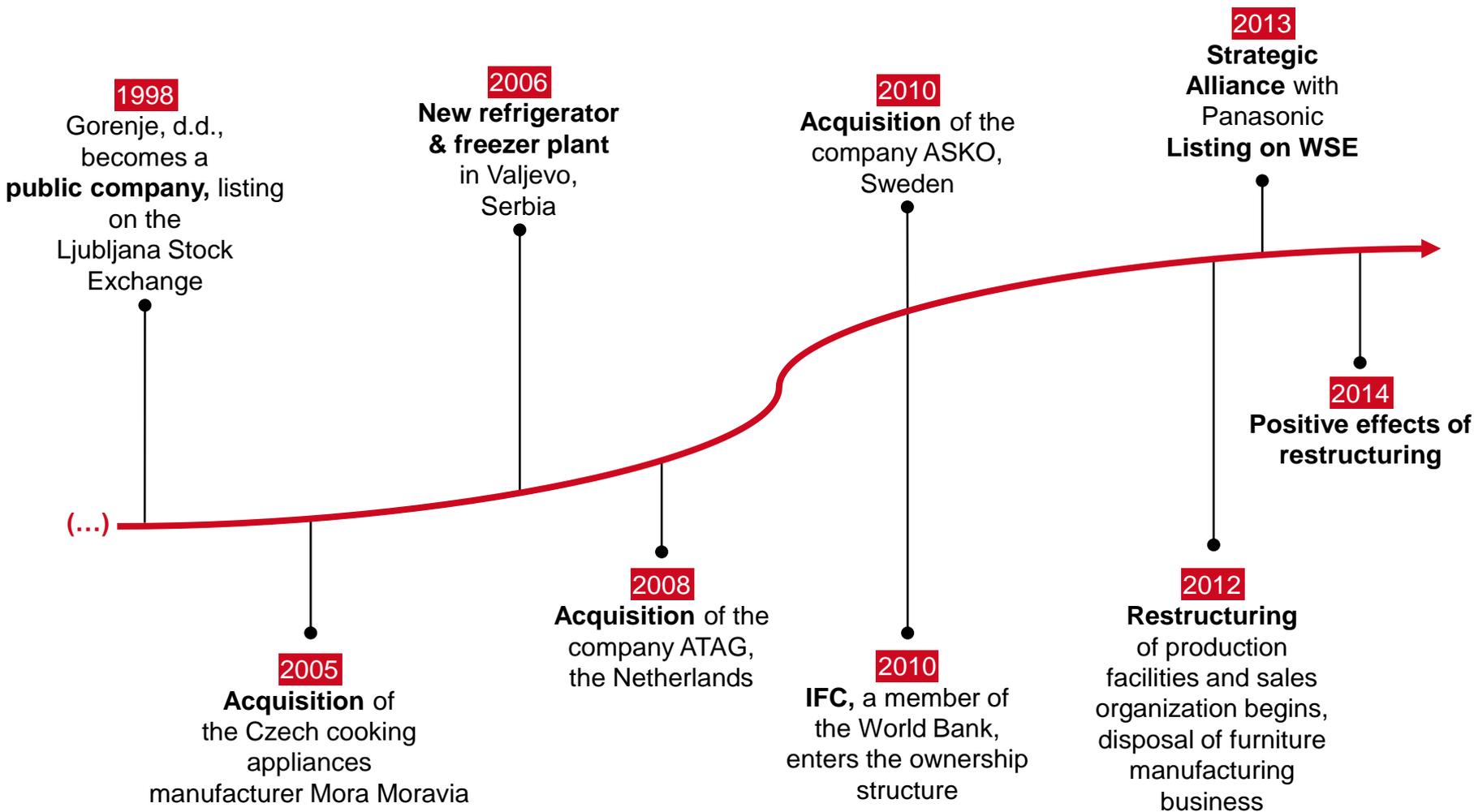
One of Leading European Manufacturers of Products for Home



More than 60 Years of Tradition

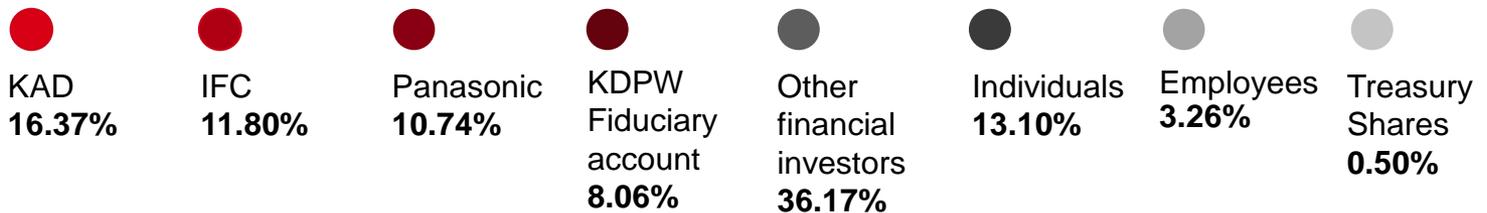


Fast Development in the Last Decade



Ownership Structure

More than 50% of foreign shareholders



Strategic Alliance with **Panasonic**

LONG-TERM STRATEGIC ALLIANCE

BUSINESS ALLIANCE

R&D – joint development projects: (new washing machines)

Production: Increased production capacity utilization;
Exchange of manufacturing know-how

Sales: Possibility of joint sales-distribution channels

Strategic cooperation expanded to new business

segments: (a) procurement of materials & components, (b) manufacturing innovation, (c) consumer (aftersales) services, (d) logistics, (e) quality assurance, (f) distribution of major and small domestic appliances on selected markets

CAPITAL ALLIANCE

Panasonic - a minority shareholder in Gorenje

Standstill agreement - Panasonic not to increase its stake in share capital above 13% till 2018

GORENJE BENEFITS FROM THE STRATEGIC ALLIANCE

Better absorption of fixed costs

Improved capital structure

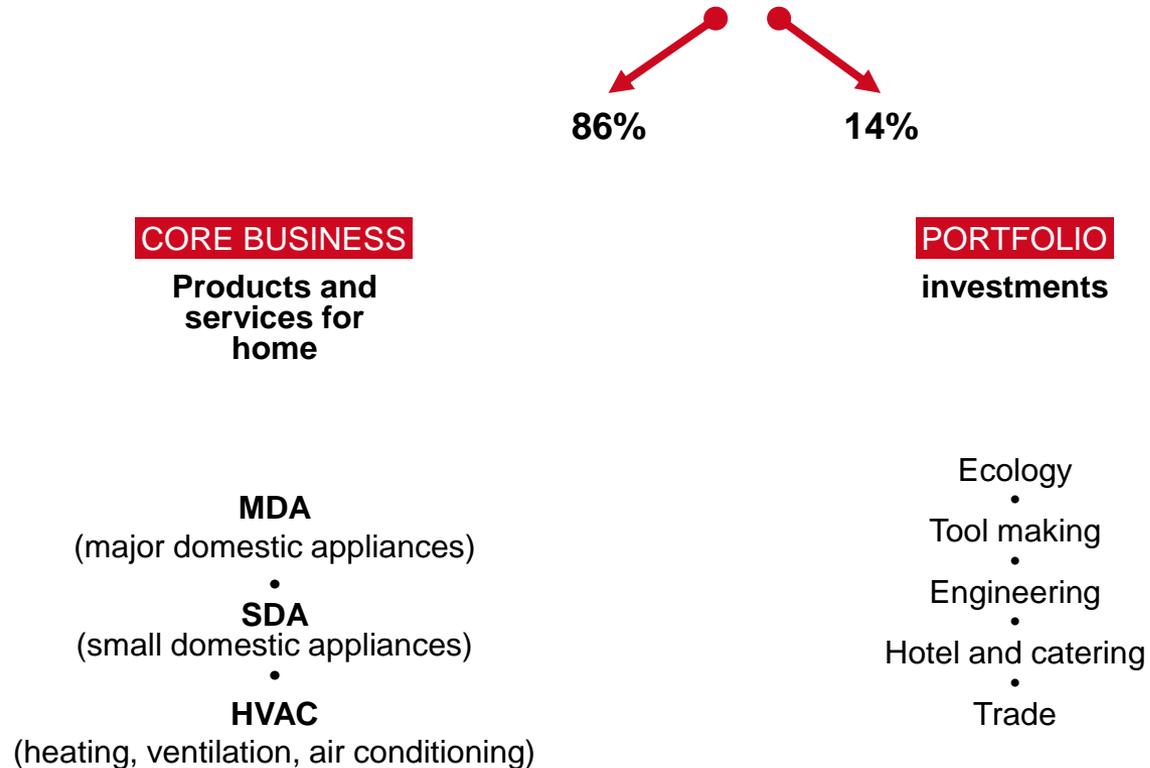
Accelerated investment and R&D activities

Better access to new financial sources

Additional annual revenues of up to EUR 80 m by 2018

Gradual improvement of EBITDA of up to EUR 20 m on a yearly basis by 2018

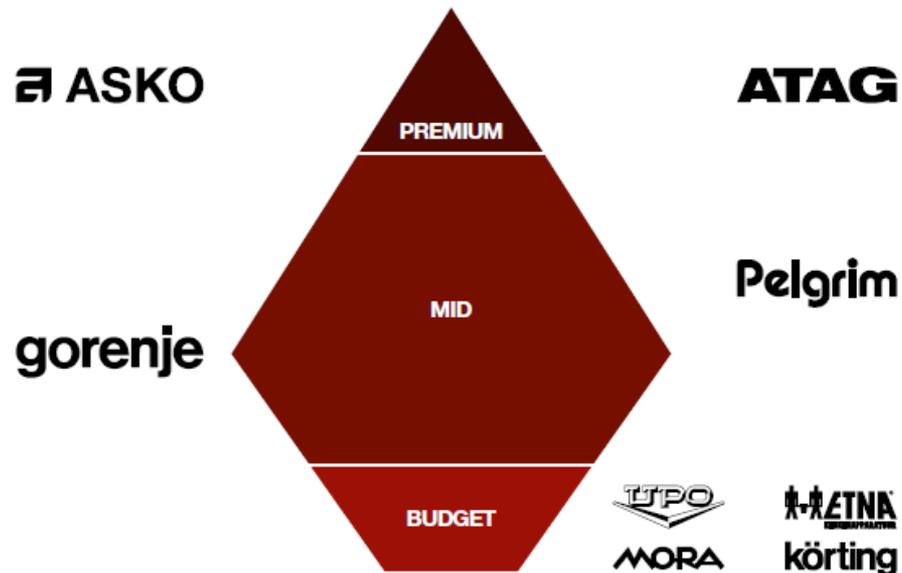
Business Segments



Gorenje Group brand portfolio

GLOBAL
BRANDS

LOCAL
BRANDS



Implementing a multi-brand strategy with attention on the upper-mid and premium price segment.

gorenjegroup



gorenje

**Global brand
(mid and high-mid price segment, design
lines)**

MDA and SDA brand

70 % of MDA revenue

Majority of revenue: Germany, Russia, SEE, Scandinavia

gorenjegroup



ASKO

Global premium brand

Sales: EUR 100 m

**Main markets: USA, Australia, Scandinavia,
Russia, Asia (selected markets)**

**Short-term: extend product portfolio and
strengthen position on key markets**

Mid-term: expand to new markets

gorenjegroup Most Important Markets: Germany, Russia and the Netherlands

Thoughtfully constructed sales network, which will be expanding outside Europe

**GERMANY
RUSSIA
THE NETHERLANDS**

**SERBIA
SLOVENIA
CZECH REPUBLIC
CROATIA
DENMARK**

**AUSTRALIJA
USA**

UKRAINE
BIH
AUSTRIA
POLAND
BELGIUM
HUNGARY
FINLAND
NORWAY
RUMANIA
SLOVAKIA
SWEDEN
BULGARIA
GREAT BRITAIN
FRANCE
MONTENEGRO

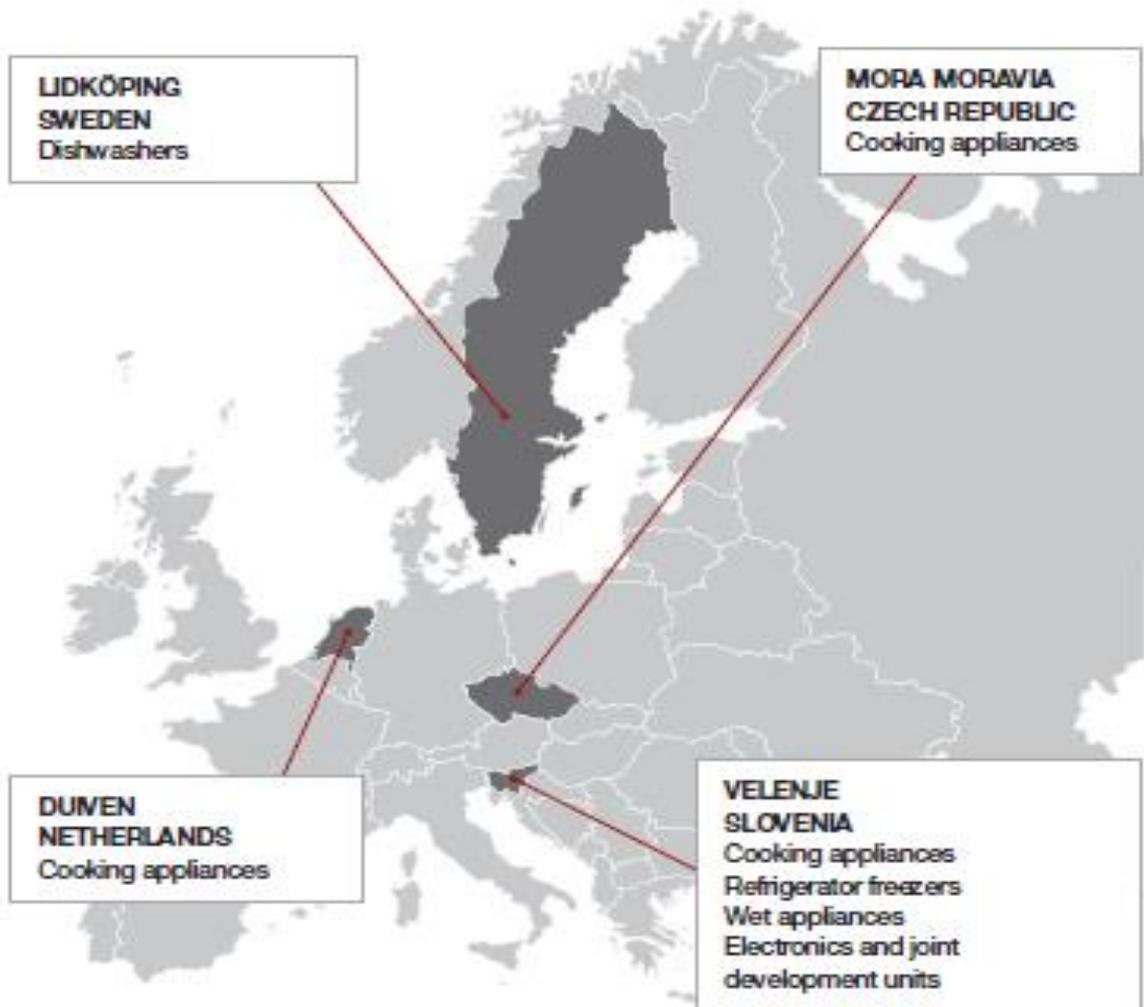


R&D competence centres

R&D in Gorenje Group

provides firm foundations for further growth in premium and innovative segment.

360 employees in R&D, working in multicultural and multifunctional teams. Gorenje Group is in **cooperation** with international institutions, knowledge and excellence centres.



Major appliances production locations

Following the completion of the 2012 and 2013 **strategic manufacturing operations relocations** from Sweden to Slovenia, from Finland to the Czech Republic, and from Slovenia to Serbia, **2014 was a year of consolidation of our manufacturing plants.**

Slovenia, Velenje

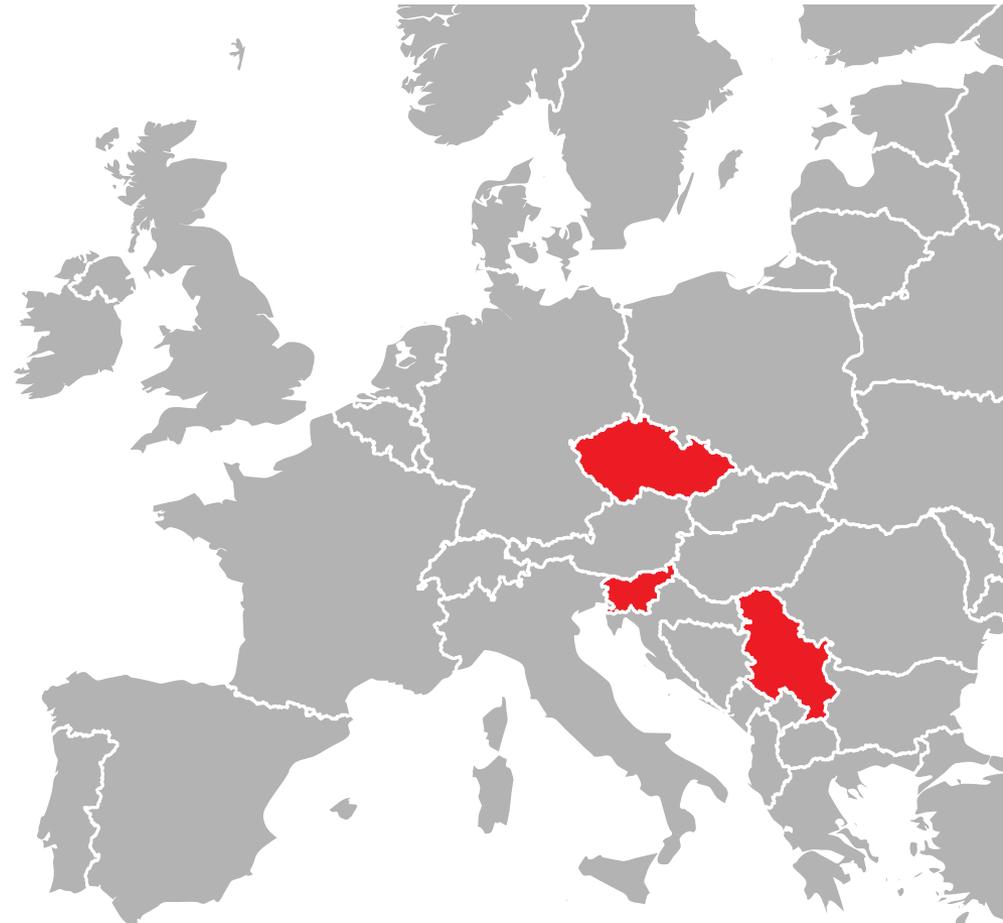
High value-added products – cooking appliances, dishwashers, and advanced washing machines and dryers

Czech Republic, Mariánské údolí

Freestanding cookers

Serbia, Valjevo, Stara Pazova, Zaječar

Refrigerators and freezers, water heaters, and lower segment washing machines and dryers



- **Budgeted 2015 sales revenue was exceeded** for the Home segment, despite the harsh conditions in Russia and Ukraine. Revenue of EUR 1,050 million exceeds the plan by 0.6%.
- **Gorenje Group sales revenue** amounts to EUR 1,217 million, which is 0.6 percent short of the plan as a result of changes in the macroeconomic conditions in our non-core activity (steep drop in the prices of secondary raw materials in the last quarter).
- Sales and market shares have been increasing since the first quarter, particularly in:
 - markets **beyond Europe**
 - **Eastern Europe**
 - Benelux
- We have increased the share of our **sales under the Asko premium brand**.
- Changing the sales structure in terms of regions and products, we have **increased the share of premium and innovative product sales**.

2015 estimate: Highlights

- Strong effect of the **unstable business environment** (Russia, Ukraine ...).
- **Currency exchange rate volatility** USD/EUR, RUB/EUR.
- Home appliance market **slumped by 35% in Russia**. Despite the 30% lower sales, **Gorenje Group increased its market shares**.
- **Efficient optimization of costs** of raw and processed material (despite dollar appreciation) and costs of services, particularly logistics.
- **Our strategic partnership with Panasonic was strengthened** (EUR 10 million of sales revenue, joint development).
- After a **slow start to the year**, our performance gradually improved and our **EBITDA peaked in the last quarter**, also exceeding the comparable EBITDA for 2014).
- **Gorenje Group 2015 EBITDA** is estimated between **EUR 78 and 80 million**.

- **We successfully managed our net working capital**, especially receivables, and decreased the complexity of our inventories.
- We have generated **positive cash flow in the last quarter** to **deleverage to a level** comparable to that from the end of 2014.
- **Our net debt to EBITDA ratio at the end of the year is estimated between 4.2 and 4.3.**
- We have notably **improved our debt maturity profile**, with long-term liabilities accounting for 74 percent, and **decreased the amount of required refinancing for 2016.**
- **Net profit was largely affected by considerable exchange rate volatility.** We estimate that the negative currency translation differences will amount to around EUR 12.6 million, or approximately EUR 6 million more than planned.
- **We wrapped up our last quarter with profit.** Net profit for 2015 will be consistent with the estimate made in November.

Business plan 2016: Highlights

- **First year of the new 2016-2020 strategic period, consistently with the key strategic goals.**
- **Further growth of sales revenue planned for:**
 - Gorenje Group (+4.6%)
 - Home segment (+5.2%)
- **Increase in Gorenje Group profitability**
 - EBITDA: + 13.8%
 - EBIT: + 24.1%
 - Net profit: EUR 7.6 million
- **Improvement projects at all levels of operations.**
- **Further working capital optimization and positive cash flow.**
- **Focus on the core activity.**
- **Relative deleveraging** (net financial debt to EBITDA ratio).

Business Plan 2016 (*excluding the companies from the Ecology)

EUR million	Estimate comparable terms*	Budget*	Index B16/E15
	2015	2016	
Consolidated revenue	1,147.9	1,201.0	104.6
EBITDA	74.6	84.9	113.8
<i>EBITDA Margin (%)</i>	6.5%	7.1%	/
EBIT	30.3	37.6	124.1
<i>EBIT Margin (%)</i>	2.6%	3.1%	/
Profit before taxes	n/a	11.2	/
Profit or loss for the period	n/a	7.6	/
<i>ROS (%)</i>	n/a	0.6%	/

*For comparability between the years 2015 and 2016, the 2015 estimate is provided in comparable terms, excluding the companies from the Ecology segment, which are in the process of divestment.

- Revenue growth and profitability shall be based on:
 - **Improved regional structure of sales:** further growth in the markets **beyond Europe** and in **Benelux**,
 - **Improved sales structure in terms products:** growth of sales under the **Asko** and **Atag** brands; increase in the share of sales of **innovative and premium products**.
- As a result, an **increase in the average downstream prices**
 - **More even dynamics of sales and production**,
 - **Cost optimization** (costs of material, services, and labour).
- To support the growth of sales in the premium and innovative segment, we are **stepping up our investment into marketing and development**.
- **In 2016, we are completing a major investment cycle involving investments into technology and new products.**

Business Plan 2016

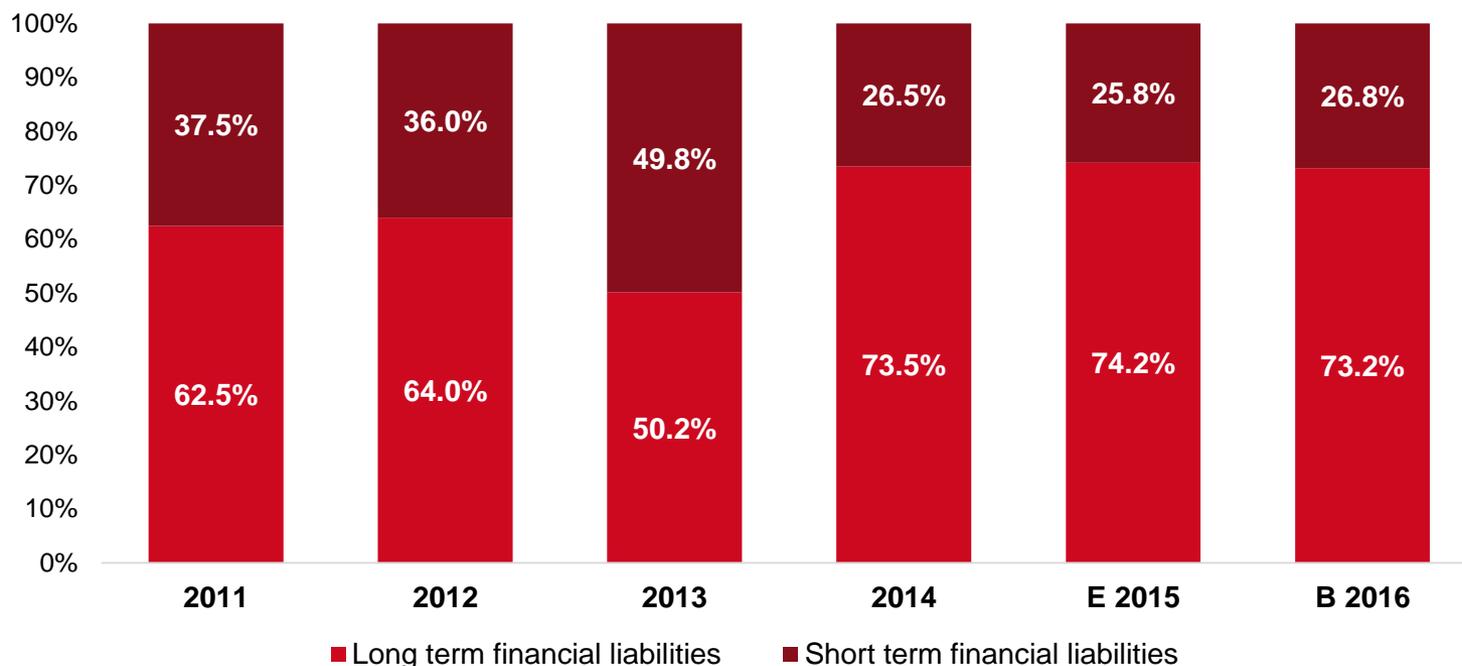
Development and New launches

- Innovations in all product groups
- Innovative features, simplicity, user-friendly management
- New platform for high-end appliances brand Asko
- Development of the connectivity platform
- Joint development with Panasonic



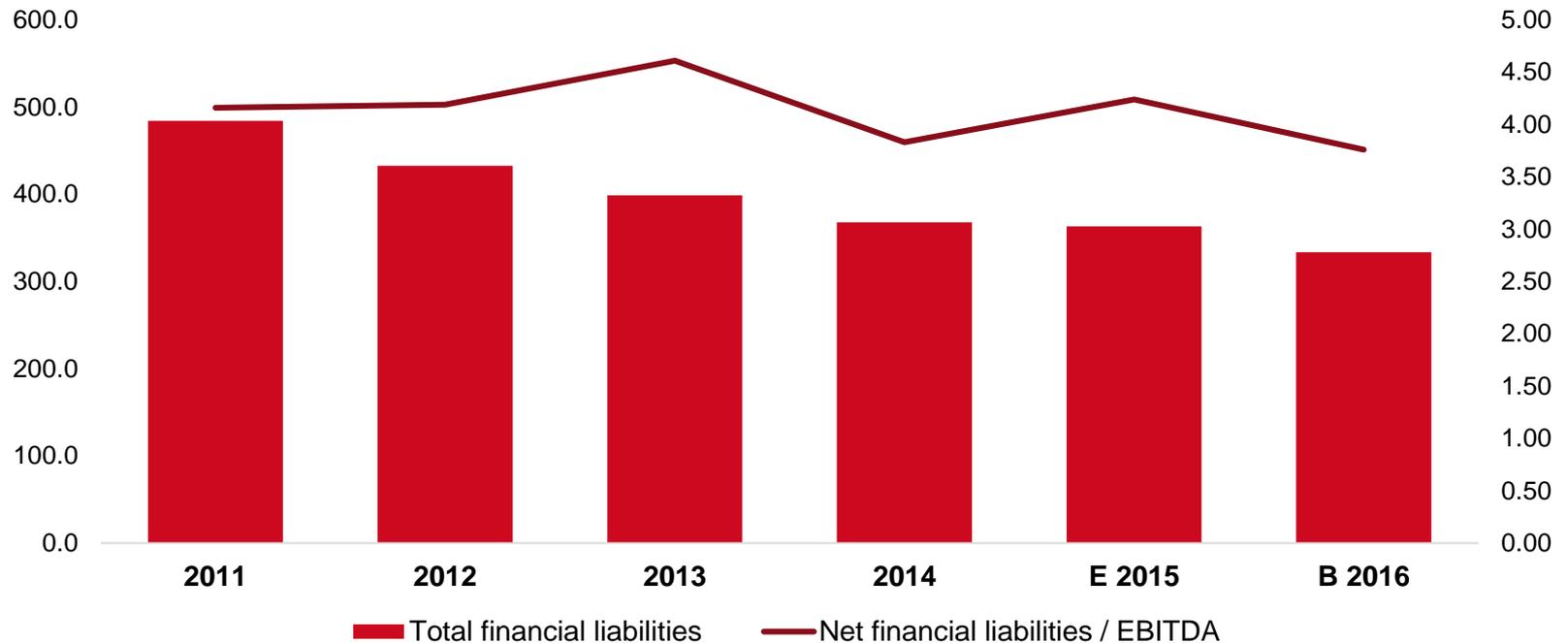
Debt management

- Relative deleveraging (net financial debt to EBITDA ratio).
- Maintaining a stable debt maturity profile in 2016 (>70% of long-term liabilities) and improvement in the average debt maturity.
- More even required refinancing dynamics (~ EUR 80 million per year).
- Further refinancing in order to decrease the average finance expenses.



- **Systematic improvement of debt maturity profile** to improve **long-term stability**
- Refinancing at the end of 2015 has resulted in a more even dynamics of debt maturing, which in turn reduced the needs for refinancing. Refinancing requirements in 2016 amount to EUR 80 million; **refinancing activities** for debt maturing in 2016 **are in the closing stage**.
- Short-term sources, consisting of bank loans and capital market sources, are used to fine tune the cash flow dynamics. As a rule, cash flow is negative in the first half of the year and highly positive in the second half, particularly in the last quarter.

Business plan 2016: Relative deleveraging



- We are focused on generating free cash flow to systematically reduce the Gorenje Group debt.
- Refinancing at the end of 2015 has resulted in lower finance expenses in the future.



GorenjeGroupGrowsGlobal

STRATEGIC PLAN **SUMMARY**

2016
2020

WHY A NEW STRATEGIC PLAN?

New Strategy – an Opportunity in the New Business Reality

- **Unstable and unpredictable** business **environment**, especially in Russia and Ukraine
- **Changes** within the Gorenje Group (divestment of Ecology)
- Requests by investors for a **long-term development perspective** of Gorenje Group

TWO KEY STRATEGIC DIRECTIONS

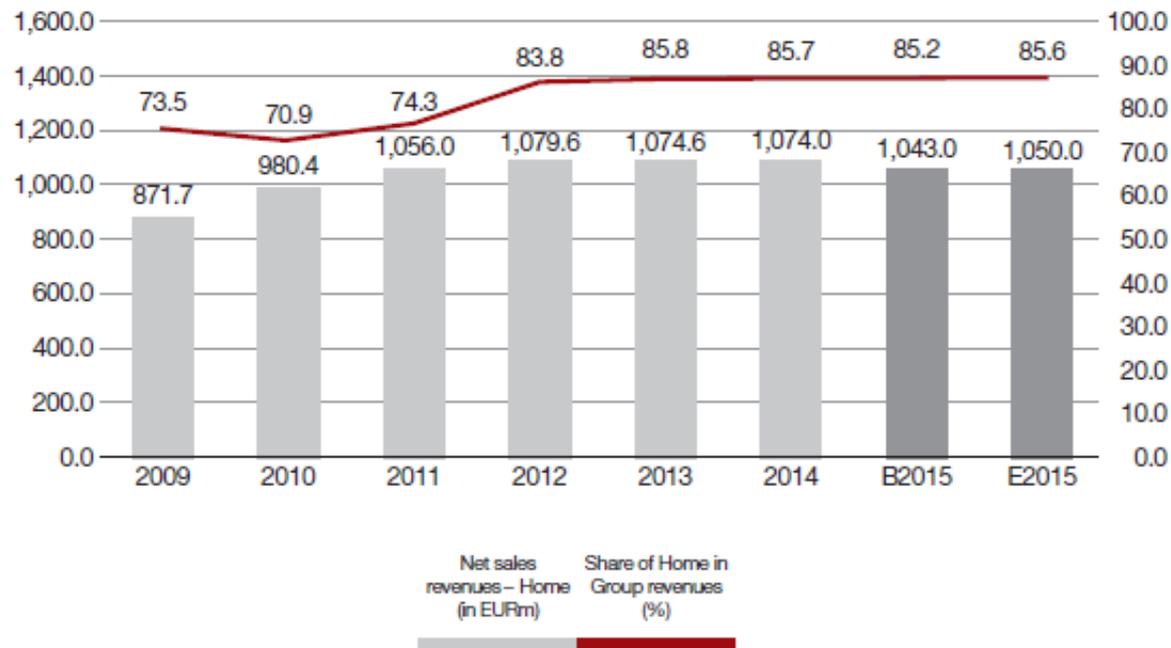
- Profitable growth
- Global presence

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GorenjeGroupGrowsGlobal

CORE BUSINESS (HOME) REVENUES AND SHARE IN GROUP REVENUES, 2009-2015

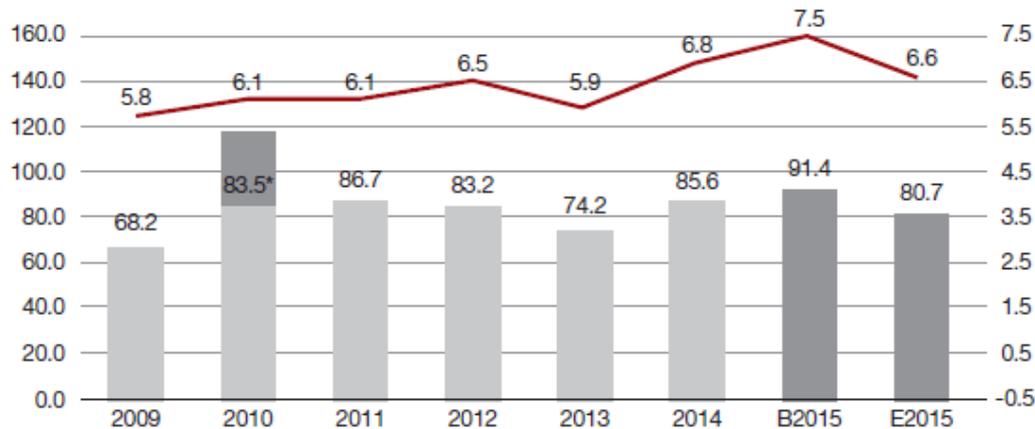
We are Following Our Strategic Policies 2014 – 2018.



Gorenje Group revenue growth was based on the core segment Home.

GORENJE GROUP EBITDA AND EBITDA MARGIN, 2009-2015

We are Following Our Strategic Policies 2014 – 2018.



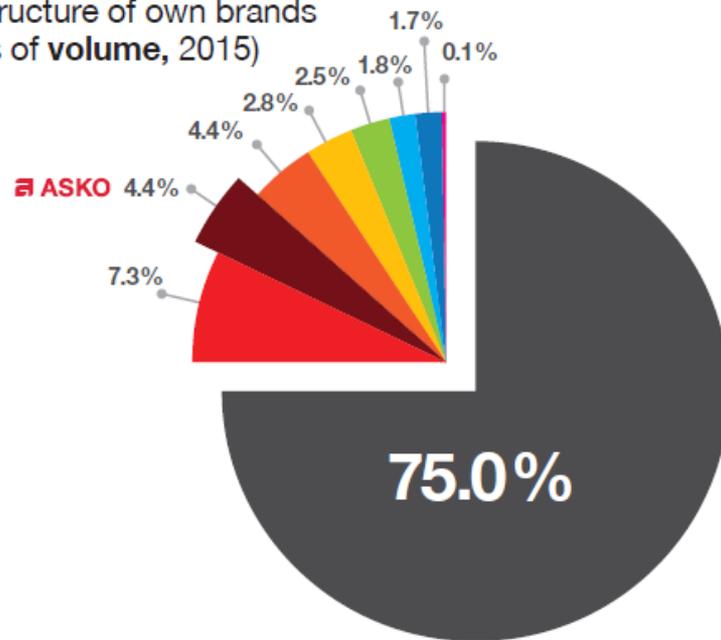
* Effect of goodwill reversal – Asko



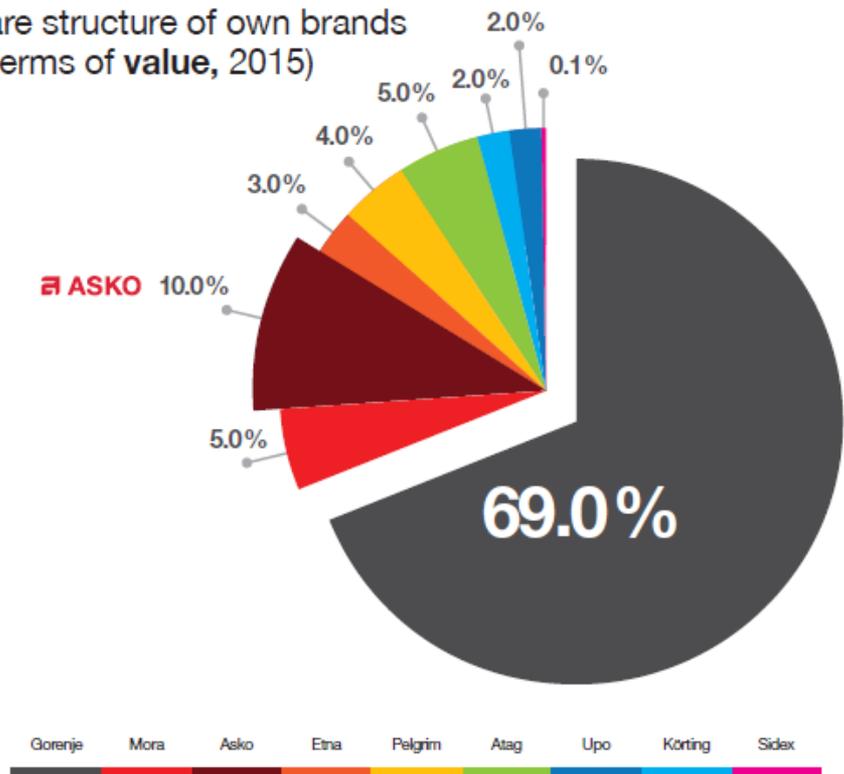
Stable EBITDA development with further improvement potential.

SHARE STRUCTURE OF SALES BY BRANDS in 2015

Share structure of own brands
(in terms of **volume**, 2015)



Share structure of own brands
(in terms of **value**, 2015)



Gorenje Mora Asko Etna Pelgrim Atag Upo Korting Sidex

Asko appliances represent only **4%** of our appliances **produced**. However, because of higher pricing Asko appliances represent **10% in our revenues**.

VISION, MISSION, CORPORATE VALUES

VISION

We aim to become the most design-driven innovator of home appliances in the world.

MISSION

We create innovative, design-driven and technically excellent products and services for home that simplify user's life.

CORPORATE VALUES

Responsibility & Innovation & Entrepreneurship

Open-
mindedness

Team spirit

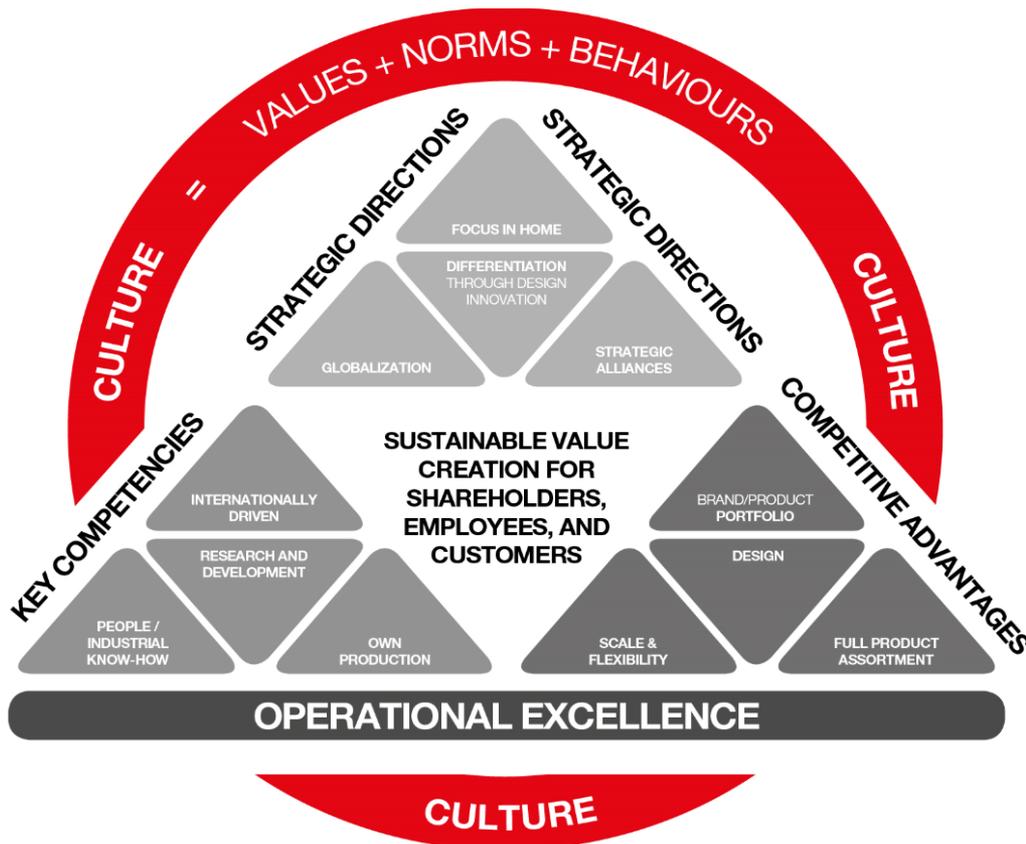
Respect

Efficiency

Goal-
orientation

Engagement

BUSINESS MODEL AND THE IMPORTANCE OF CORPORATE CULTURE



We are **responsible** to the people, customers, partners, employees, shareholders, society and the environment. We respect the commitment to efficiency and goal orientation.

We operate in a spirit of continuous **improvement**. Therefore, we support innovation, bringing up new ideas in all fields, open-mindedness and encourage **entrepreneurial thinking**.

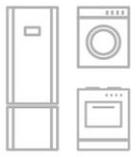
We remain loyal to the key goal of our corporation: **creation of value** for the shareholders, employees, business partners, and the environment.

STRATEGIC PILLARS 2020

PROFITABLE GROWTH:
revenue of EUR 1.56 billion
with EBITDA margin of 9%

92% share of core segment	ASKO: EUR 206 million	EUR 196 million outside Europe	30% of innovative and premium segments	Net financial debt / EBITDA < 2.5	FCF EUR 25 million (in 2019)*
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Digitization

<p>Growth in key European markets and outside Europe</p>   <p>ATAG Pelgrim METIK</p> <p>MORA EFFIO körting</p>	<p>All product categories for Home, with emphasis on innovation and design</p> 	<p>Operational excellence</p> 	<p>Strategic partnerships and synergies, business cooperations</p> 
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Employees, culture

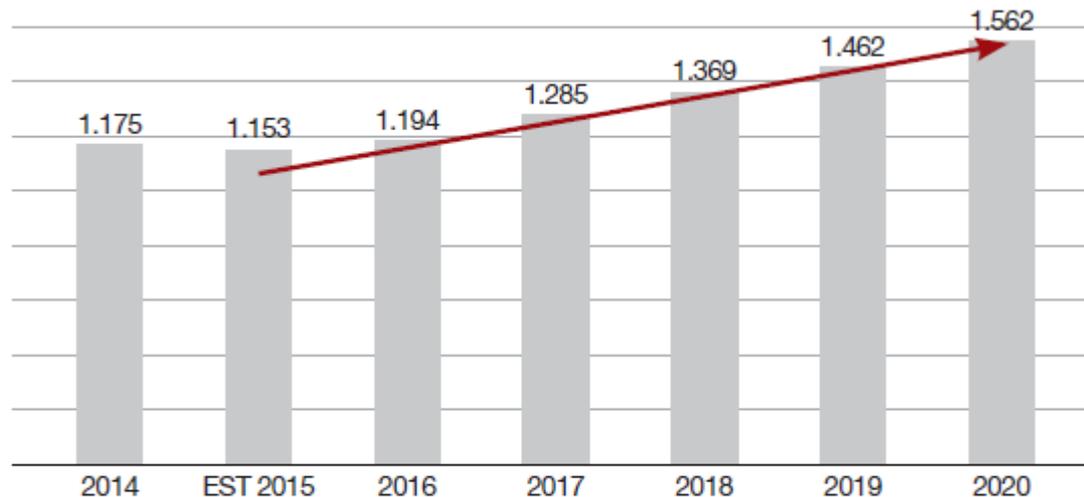
CORPORATE GOALS OF GORENJE GROUP 2020

Revenue of EUR 1.56bn by 2020; increase of revenue by over 35% (CAGR of 2020 / EST2015: + 6.2%).



Corporate goal 2020: **REVENUE OF EUR 1.56 BILLION**

Gorenje Group net sales revenue (excluding divested Ecology) in EUR billion



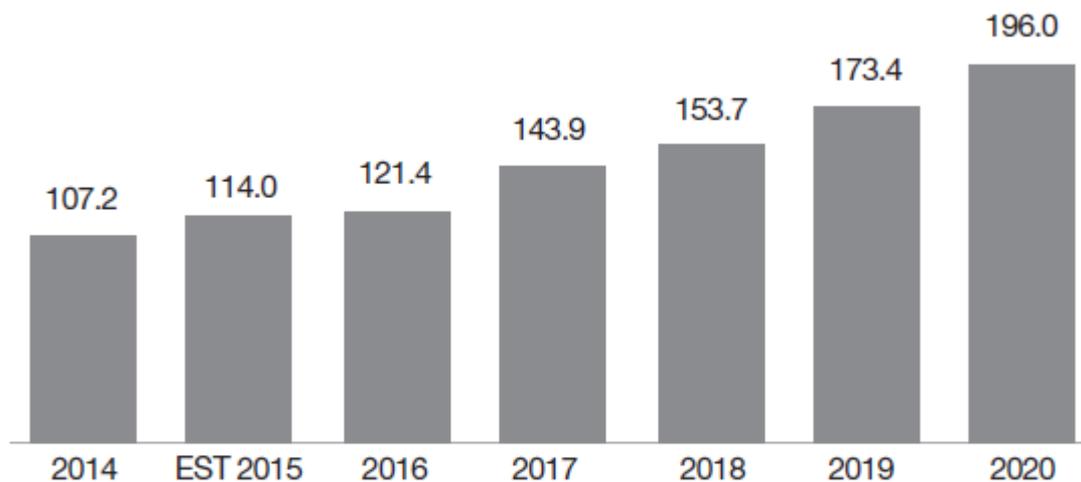
CORPORATE GOALS OF GORENJE GROUP 2020

Doubled revenue of EUR 196m generated outside Europe; 14% of total Home segment sales.



**Corporate goal 2020: REVENUE OF EUR 196 MILLION
GENERATED OUTSIDE EUROPE**

Revenue from sales outside Europe (EUR million)



Revenue from sales outside Europe (EUR million)

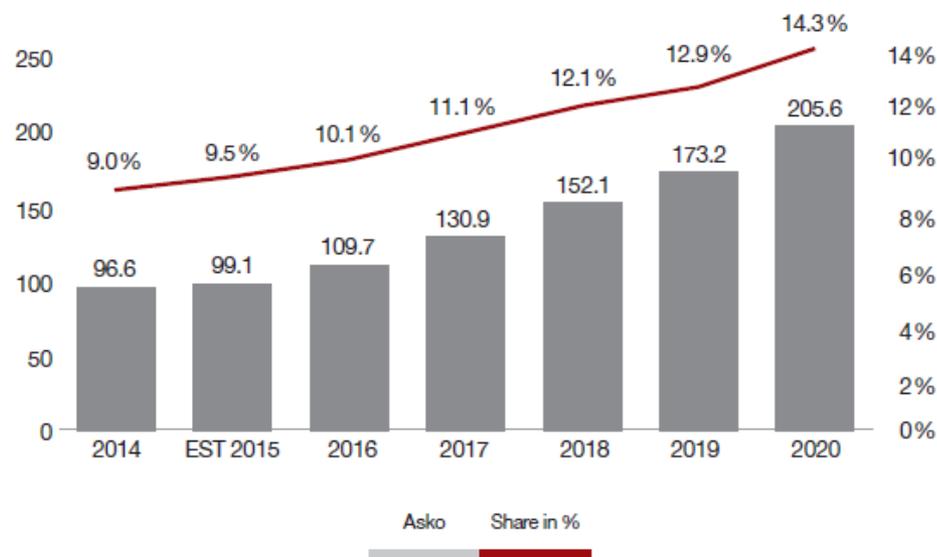
CORPORATE GOALS OF GORENJE GROUP 2020

Increase in sales of the Asko premium brand



Corporate goal 2020: **ASKO REVENUE OF EUR 206 MILLION**

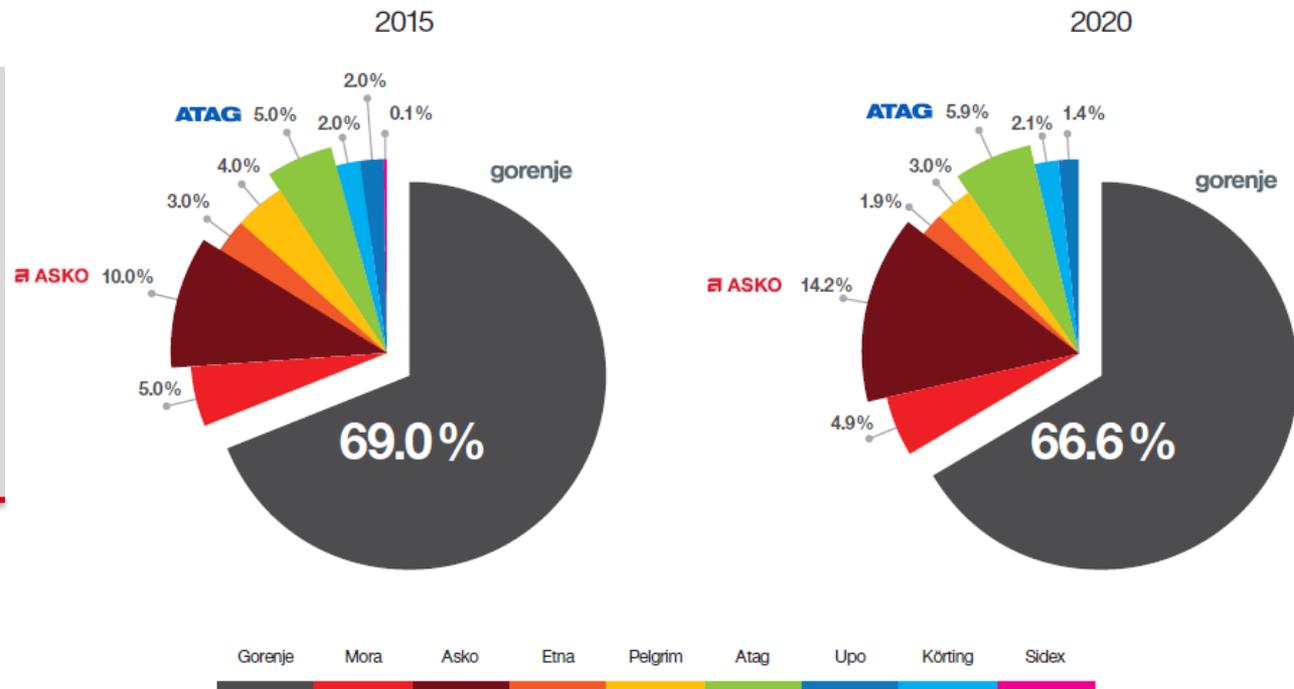
Net revenue from Asko sales (EUR million) and share in total core activity (Home) sales, in %



Net revenue from Asko sales (EUR million) and share in total core activity (Home) sales (%)

SHARE STRUCTURE OF SALES BY BRANDS in VALUE – 2015 & 2020

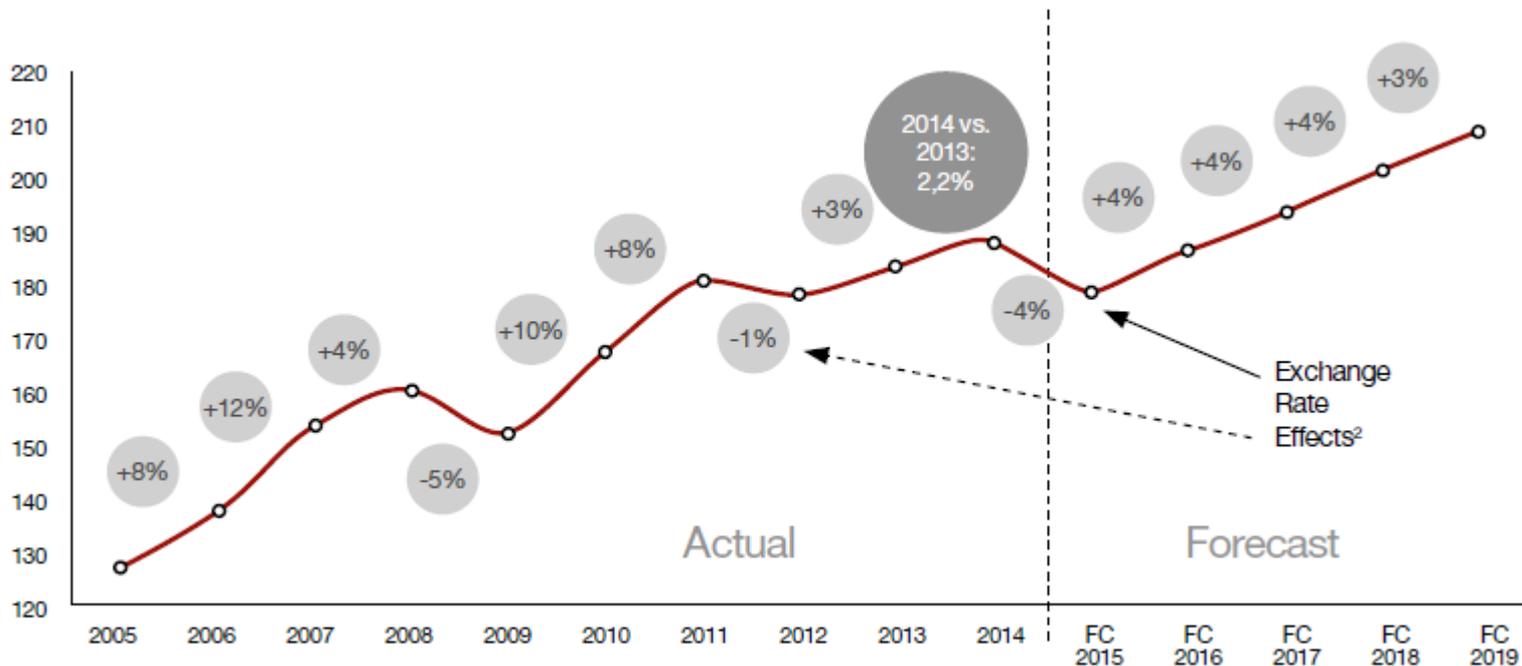
Doubled sales in innovative and premium segment which will amount to 30% of total sales in 2020



Asko appliances represent **10% in our revenues in 2015**, in **2020** will represent **14.2%** in value due to extension of product portfolio and expansion on new markets and strengthening the position on the existing markets.

HOME APPLIANCE MARKET GROWTH FORECAST

European home appliance market is on the road to recovery



FOUNDATIONS FOR THE ATTAINMENT OF THE STRATEGIC PLAN

- We have **the know-how in the home appliance industry.**
- **Design** is our competitive advantage.
- We offer **an all-around range** of home appliances **in all price segments.**
- We operate our **own factories** (Made in Europe).
- We are **internationally minded.**

Commercial paper terms and conditions (1)

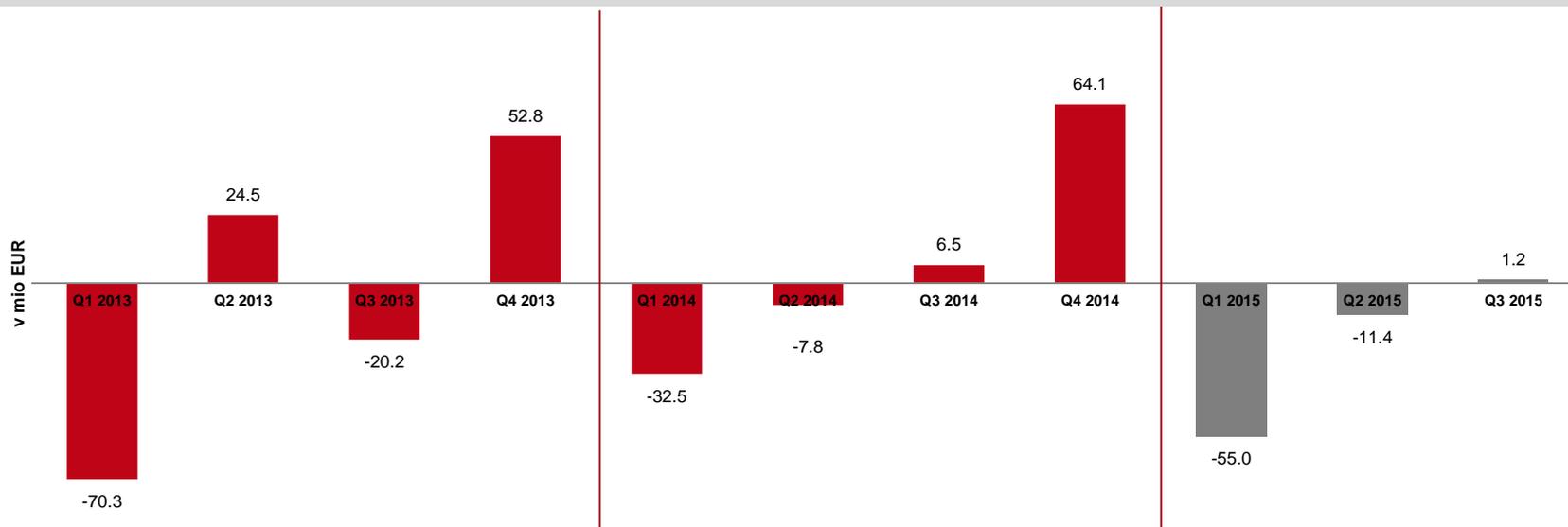
Type of security:	Commercial paper – money market instrument, registered, issued in dematerialised form in the Central register at the Securities Clearing Corporation (CDD).
Status:	The CP will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will at all times rank pari passu and without any preference among themselves and at least equally with all the other present and future unsecured and unsubordinated indebtedness of the Issuer.
Insurance:	No additional insurance.
Issue size:	Expected to be in the amount approximately up to 30 million EUR .
Interest accrual method:	Actual / 360 days.
Payment of interest and principal:	No payments of interest, a discount security, the principal is paid for at maturity.

Commercial paper terms and conditions (2)

Use of proceeds:

Diversification of short-term financing, primarily for the purpose of financing the seasonal operations, in accordance with the interim cash flow dynamics, and optimization of funding costs.

The annual dynamics of Gorenje Group's cash flow from operating and investing activities



Commercial paper terms and conditions (3)

Yield to maturity:	<p>Currently proposed yield is in a range 1.9 % to 2.1 % annually, reflecting the following current market conditions and spreads (on 14 January 2016):</p> <ul style="list-style-type: none"> • Slovenian 12M T-Bills 10.11.2015 + 190 b.p. to 210 b.p. (primary market) • Slovenian government bond 1.750 09/10/17 + 190 b.p. to 210 b.p. • 1Y IRS + 199 b.p. to 219 b.p. • SEB SA 03/06/2016 (n.a.) + 190 b.p. to 210 b.p.
Payment and start of interest accrual:	3 February 2016.
Maturity:	22 December 2016.
Nominal value of denomination:	1,000.00 EUR
Listing:	Ljubljana Stock Exchange.

Method of offering commercial paper

The deadline for submitting binding bids:	29 January 2016.
Payment date:	3 February 2016.
Minimum payment in primary offering:	10,000.00 EUR nominal value.
Method of offering:	No publication of prospectus required according to chapter 2 of Financial Instruments Market Act (ZTFI).
Method of issue :	Via a floating account at Central register at the CDD.
Secondary offering of CP:	Investors will be able to subscribe CP until their maturity date in the total amount remaining after the primary offering. Sale price will be agreed between the issuer and the buyer, taking into account the maturity date of CP and market conditions.
Repurchase agreements :	Investors are able to conclude repurchasing agreements with the issuer, for the purchase of CP on the floating account, during primary and secondary offering, with a repurchase date not later than the CP maturity date. The selling price will be agreed between the issuer and the buyer, taking into account the maturity date of the CP and market conditions.

Subscription of Commercial paper

The subscription and payment of Commercial papers shall take place at NLB, Investment Banking and Custody, Corporate Finance Department, Trg Republike 2/IX, SI-1520, Ljubljana.

In case you have any additional question, please contact the NLB's representatives:

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**Thank you for
your attention!**

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